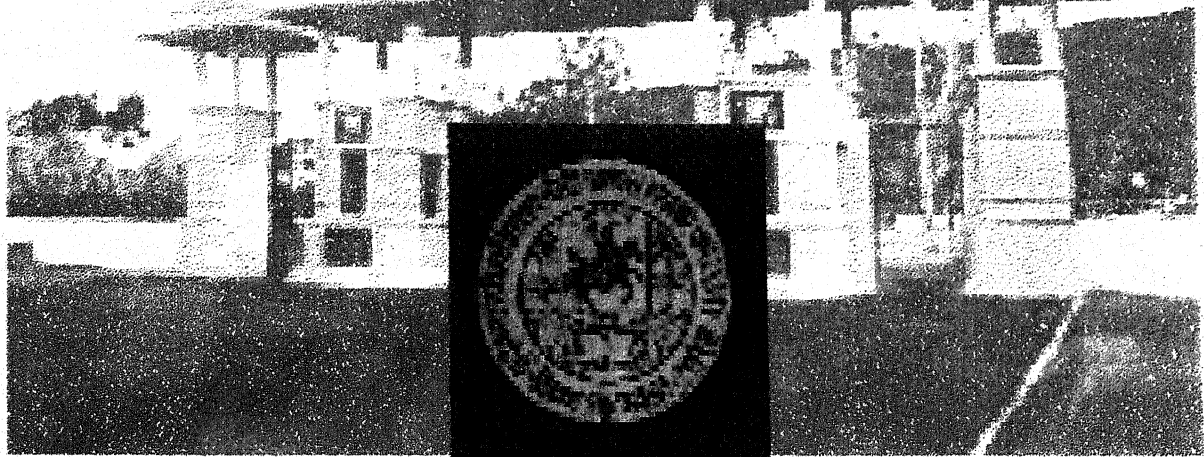


ROLE OF FINANCIAL INSTITUTIONS IN PROMOTING TOURISM IN UTTAR PRADESH

(WITH SPECIAL REFERENCE TO BUNDELKHAND REGION)



**THESIS SUBMIT FOR THE AWARD OF THE DEGREE OF
DOCTOR OF PHILOSOPHY
IN MANAGEMENT UNDER FACULTY OF COMMERCE**

AT

BUNDELKHAND UNIVERSITY, JHANSI

Supervisor

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Head & Reader,

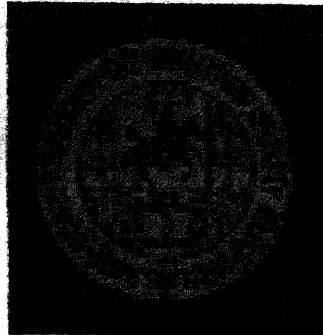
Institute of Economics & Finance

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By


PRADEEP KUMAR

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PREFACE

For many economies of the world, tourism is an integral part and is an important source of foreign exchange. Apart from being one of the leading revenue generating sectors, it is also an excellent generator of employment because of its labor – intensive nature. In 2002 alone, the tourism sector is believed to generate around \$3.3 tn of GDP and 200 million jobs for the global economy. As per the estimations of World Travel and Tourism Council, the number of world travelers per annum is over 616 million and the spending made by them is over \$444 bn. By 2010, number of world travelers will go up to 1600 million. It is estimated that one – third of this can be directly attributed to the sector while the rest will come from the strong linkages with other sectors such as entertainment, retail and construction. As per data of World Tourism Organization, every 9th person is engaged in travel and tourism industry for livelihood.

The level of tourism activity depends to a large extent on the economic development or economic conditions of a country. In a case of India, as a result of steady economic growth achieved in the last decade, a pool of affluent middle class was created. This pool is driving the activity in the sector in terms of both domestic and international tourism. Though at present only 0.4% of the Indian Population opt for international tourism, the figures may shoot up with the rising income levels. Though India ranks 44th in the top 60 tourism destinations of the world, international tourism has contributed substantially in terms of foreign exchange earnings. In the year 1999 –2000, tourism was the second largest foreign exchange earner for the country with over 12000 cr of earnings.

With the increasing demand for Indian tourism destinations among the world travelers and affluent domestic middle class, the tourism industry is poised for an exponential growth in the coming years. In line with the global trends – 10.6% of world's workforce is engaged in travel and tourism. Tourism supports 9.3 million jobs in India and this number is likely to increase to 12.9 million by 2010. This

translates into the fact that out of every 15 employment opportunities created in India, one will be from travel and tourism sector.

Recognizing the importance of tourism in the economy development, all the states have started promoting their tourism destination independently. At the same time, the states are collaborating with each other to promote India under the concept – 'Destination India'. The various initiatives taken up by some leading states like Kerala, Rajasthan, Tamil Nadu, Goa, Maharashtra and Jammu and Kashmir will go a long way in tapping the huge market. The domestic market with an estimated 240 million tourists per annum (140 million general tourists and 100 million religious tourists) with over Rs.95000cr spending will undoubtedly contribute to the economic development of the country. The huge market size of the industry itself confirms its future growth.

Tourism is one of the world's most rapidly growing industries. In India, the growth promises to turn into a virtual boom by the beginning of the next century. Some indication of the immense scale of the growth can be gauged from the fact that current investment in the hotel industry alone has reached over Rs.1500crore, while foreign investments are estimated at Rs.600crore. Tourism helps in improving and strengthening the infrastructure, create avenues for employment, generate wealth, earn foreign exchange and promote our traditional handicrafts.

In our country, the state like Jammu and Kashmir offer a tourist a paradise of rare variety having within their boundaries for e.g.: - the pilgrims to Vaisno Devi shrine spend every year about Rs.400crores on shopping alone in Jammu is an example touching the lives of the hoteliers, wayside eateries, shop keepers, the porters, the pony keepers to mention a few from the wide range of people involved in the tourism industry and its ancillaries.

Role of financial institutions has been accepted as a major tool for achieving the development objectives in tourism sector in the country. Tourism industry like any other industry needs financing for economic development. Since it is a capital-intensive industry, it needs massive doses of financing. Tourism has an advantage over other major industries. A total new tourist development is a rare

phenomenon. In countries like India, there are already several ancient cities, man made wonder and scenic spots. The attraction is there, only in far and superstructure need is to be added to make the place more easily accessible to visitors. Therefore the role of financial institutions is an integral part o tourism development in any country. That's why Government financial institution now a days are getting more involved in the financing of tourism related projects, as they see the possibility of economic development and employment potential in this field. The present study entitled "Role of financial institutions in promoting tourism in Uttar Pradesh with special reference to Bundelkhand region." Is an endeavor in this direction.

The basic objective of the study is to focuses on Bundelkhand region. The study is based on the analysis of data collected from primary as well as secondary data.

Thus, the present study is divided into ten chapters. Chapter- I gives the meaning growth and importance of the study, provides objectives of the study, role of U.P.F.C. in promoting tourism in Bundelkhand region, growth of tourists places in Bundelkhand region, the methodology adopted and the tools and techniques that have been added in the study has been discussed in detail. However, an attempt has also been made to survey the existing literature related to region development.

_____ Chap - II ?

In chapter - III Economy of Bundelkhand, covers various dimensions: Geographical location, Basic features, Industrial structure, Infrastructural development of U.P. in detail. Chapter - IV under lying factors of Growth of Tourism, critically evaluates the historical development of tourism, Indian of tourists and different factors influencing the growth of tourist industry. Prominent among are scenic beauty, transportation facilities, recreational and amusement facilities, education, role of different agencies such as tourism department and hoteliers.

Chapter V - Growth and development of travel mainly deals with the induction of early history of tourist travel, modes of transportation and its growth in

development of travel agencies of modern travel agencies and its role in development of tourism industry, tour operators and their organization in Bundelkhand region. The function of travel organization to assist the tourists in Bundelkhand region is also analyzed.

Chapter – VI Growth and development of Hotel accommodation deals with the size and structure of hotel limits, the development and growth of hotel accommodation through individual ownership, partnership and others. The growth and development of Hotel accommodation through capital structure i.e. fixed and working capital. Financial arrangement such as self investment and borrowed capital in the growth and development of hotel accommodation.

Chapter – VII – Role of U.P.F.C. and other financial institution in promoting tourism mainly deals with the meaning and role of financial institution and the role of commercial bank, state bank, state finance corporation, PICUP in promoting tourism in Bundelkhand region and the detail of various loans and subsidy granted by financial institutions.

An emphasis has also been made to describe the procedure and legal requirements regarding sanction and disbursement of loan and analysis of loan sanctioned by UPFC and other financial institution in the field of financial, organization, marketing and other areas.

Chapter – VIII – Problem faced by Hoteliers, Travel agencies, attempts is being made to highlights the problem of hoteliers and travel agencies such as procedural constraints indifferent attitude of UPFC in sanctioning loan to hoteliers and travel agencies, ignorance of borrowers regarding the schemes of UPFC and other financial institutions, difficulties faced by hoteliers and travel agencies in securing loan from Directorate of Industries, problem of management and industrial relations.

Chapter – IX, Future prospects of tourism industry in Bundelkhand region, an emphasis has been made to highlight the economy of Bundelkhand region in next 20 years by giving the contribution of forest wealth, tourism sector, granite

industry, small scale industry, region .planning deals with the establish co-ordination among various schemes adopted by state Government, discussing annual plan and master plan, role of Bundelkhand and its functions and proposed master plan for Bundelkhand region. Prospects of development and tourism industry in next 20 years deals with the analysis of tourist influx in Bundelkhand during study period and the analysis of tourist influx in the next 20 years to come.

Finally, the **chapter -XI**, conclusion and suggestions, attempts at delineating the present status and future prospects of tourism in Bundelkhand region. Suggestions and recommendation based on the analysis in different chapter as well as those emerged during the course of field study are incorporated in this chapter.

Need less to confess that since the subject for thesis 'Role of Financial Institutions in promoting tourism in Uttar Pradesh with special reference to Bundelkhand region' in itself is a wide subject it was not possible to cover the entire subject but I have tried my best to cover a number of different aspects, due to constraints of time and resources.

Date:

Jhansi

प्रदीप कुमार
PRADEEP KUMAR

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CHAPTER I

Introduction

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CHAPTER-I

1. INTRODUCTION

1(I) **Meaning Nature & Growth of Tourism**

Meaning and Definition of Tourism

The term tourism comprises several social practices. All these have the minimal common characteristics-that they are different and they are a 'departure' from normal life. These minimal characteristics help to define tourism, which according to the W.T.O. (World Tourism Organization) is the movement of people away from their normal place of residence and work for a period of not less than 24 hours and not more than 1 year.

Tourism, in fact, is a leisure activity because it coexists with its opposite, that is regulated and organised work. This shows that in modern societies work and leisure are organised as separate and regulated areas of social practice. They are located in specific places and period of time. Tourism involves the movement of people to, and their stay at various destinations. This involves a journey and services like transport, accommodation, catering and viewing, etc. The journey to and stay at a site is outside the normal place of work and residence for a short period. There is a clear intention when "going away" to "return home". Tourism sites are not connected with paid work and they preferably offer some contrast with sites where a person's work and residence are located.

A substantial proportion of the population engages in going away on holiday. Hence, new socialized forms of the provision for goods and services are developed in order to cater to the mass character of tourism practices. The tourist is, therefore, different from the traveler, because travel has an individual character whereas tourism has a mass character. Tourism is directed at places chosen for the anticipation (often built on day dreaming and fantasy) of intense pleasure because such places are

different to what we normally encounter. Such anticipation is sustained through a variety of experience which influence ones daily lives like film, T.V. fiction magazines, records, videos, etc. which construct and reinforce our image of a tourist destination.

The tourist's gaze is directed towards a landscape, a town or an event by pointing out those features that separate it from everyday life. While many features are viewed because they are out of the ordinary, there is much more emphasis on the visual elements, Tourism therefore, also involves the recognition and collection of signs that represent a reality of another time and another place. For example Camel ride in desert for a person who resides in the hills.

A number of tourism professionals emerge and develop these signs. They attempt to create new and newer objects for the consumption of the tourist's gaze. What they produce and why it becomes an object of tourism or why it becomes popular, depends on the competition between the travel trade for the attention of the tourist on the one hand, and on the other, the changing class, gender and generation distinctions of taste within the group of potential visitors. For example, one may stay in a five-star hotel or a Yatri Niwas, one may take a pilgrimage or a beach holiday, one may go on a package tour or take trekking holiday alone.

Finally, tourism has also become a status symbol in modern society and thought to be necessary to one's health. Today 40% of free time is devoted to travel in developed countries. 429 million tourists spent U.S.\$ 429 billion in 1990 and by the year 2000 tourism services will probably be the largest sources of employment in the world. These statistics reflect the fact that many new tourist sites are opening all over the world and tourism is now a global phenomenon.

One of the earliest definitions of tourism was given by an Austrian economist, Hermann V. Schullard, in the year 1990 who defined it as, "the sum total of operators, mainly of an economic nature, which directly relate

to the entry, stay and movement of foreigners inside and outside a certain country, city or region." The concept of tourism found expression, however in a more technical definition of the Swiss Professors, Hunziker and Kraft in the year 1942. They stated "" Tourism is the totality of the relationship and phenomenon arising from the travel and stay to strangers, provided the stay does not imply the establishment of a permanent residence and is not connected with a remunerated activity." This definition was subsequently adopted by the International Association of scientific experts in Tourism (AIEST). The definition brings out the following three distinct elements of Tourism:

- (i) Involvement of travel by non-residents,
- (ii) Stay of temporary nature in the area visited.
- (iii) Stay not connected with any activity involving earnings.

The League of Nations in 1937 recommended that tourism covers the social activity of those who travel for a period of 24 hours or more in a country other than the one a person usually lives in. However, the limitation of the definition was what is excluded domestic and emphasized only on international tourism.

The Rome conference on Tourism in 1963 adopted the recommendation to replace the term "tourist" with the term "Visitor" and defined tourism as a visit "to a country other than ones own or where one usually resides and work." For the following reasons:

- (i) Tourism- the activity of temporary visitors staying at least 4 hours for leisure, business, family, mission or meeting.
- (ii) Excursion - the activity of a temporary visitor staying less than 24 hours but excluding people in transit.

This definition also excluded the domestic tourist, although it did recognise the day visitor.

The tourism society of Britain in 1976 proposed to clarify the concept of tourism by saying that "Tourism is the temporary short-term movement of people to destinations outside the places where they normally live and work and their activities during their stay at these destinations, including day visits and excursions."

AIEST in 1981 refined this concept and held that "Tourism may be defined in terms of particular activities selected by choice and undertaken outside the environment. Tourism may or may not involve- overnight stays away from home."

These definitions indicate that tourism has expanded in its range and scope. The concept of tourism has broadened to include all forms of the phenomenon of leisure activity. Today we may define Mass Tourism as the quest of someone who travels to see something different and is dissatisfied when he finds that things are not the same as at home.

This definition reflects the orientation of global tourism, which is concentrated in western societies where 60% of international tourist arrivals are received and from where 70% of the tourists originate, Because the control of tourism is centered in the west, the concepts associated with tourism are necessarily influenced by the social practices of these societies rather than the travel heritage of the non-western cultures and developing societies.

The movement of tourists from the place of origin to the destination is further described as:

- International Tourism, when the travel is from one country to another, and
- Domestic Tourism, when the travel is within the country i.e. trips taken by a tourist within his/her own country or where the origin and destination are in the same country.

In International Tourism we will come across two other terms :

Inbound : This refers to tourists entering a country.

Outbound: This refers to tourists leaving their country of origin for an other.

Tourism is therefore a composite phenomenon, which embraces the incidence of a mobile population of travelers who are strangers to the place, they visit. It is essentially a pleasure activity in which money earned in one's normal domicile is spent in the place visited. The increasing importance of the quantitative aspects of tourism for marketing decisions has led to various attempts by experts in the field to arrive at an internationally accepted definition of the term 'tourist' as the basic unit of measurement for tourism statistics.

1.(II) Nature of Tourism

Tourism does not exist in isolation. It consists of certain components, three of which may be considered as basic. These three basic components of tourism are Transport, Locale, and Accommodation.

A tourist in order to get to his destination has to travel and therefore some mode of transport is necessary for this. This mode of transport may be a motorcar, a coach, an aeroplane, a ship or a train, which enables a traveler to reach his pre-determined destination. The locale may be used to include the holiday destination and what it offers to the tourist. The holiday destination may offer natural attractions like sunshine, scenic beauty or sporting facilities, etc. at these attractions. Accommodation is another basic component, which is essential for providing food, and also rests. After having reached his destination, a tourist must have some kind of accommodation, which provides him food and sleep.

Of the three components, locale with its attractions and amenities is the most important as these are very basic to tourism, unless these are there, the tourists will not be motivated to go to a particular place. However, since interests and tastes of tourists vary widely they might choose from a

wide range of attractions available at various destinations all over the world. Tourist demands are also very much susceptible to changes in fashion. Fashion is an important factor in the demand for various tourist attractions and amenities. The tourists who visit a particular place for its natural beauty may decide to visit some other attractions due to a change in fashion. Peters has drawn up an Inventory of the various attractions, which are of significance in tourism. His five categories are given in the Table 1.1.

According to Robinson, the attractions of tourism are, to a very large extent, geographical in their character, location and accessibility (whether a place has a coastal or inland position, and the ease with which a given place.)

Table - 1.1

Peter's Inventors of Tourist Attractions

1.	Cultural	: Sites and areas of archaeological interest Historical buildings and monuments, places of historical significant museums, Modern Culture, Political and Educational Institutions, Religious Institutions.
2.	Traditions	: National Festivals, Arts and Handicrafts, Music, Folklore, Native life and Customs.
3.	Scenic	: National Parks, Wildlife, Flora and Fauna, Beach Resorts, Mountain Resorts.
4.	Entertainment	: Participation and viewing Sports, Amusement and recreation Parks, Zoos and Coronaries, Cinemas and Theatres, Nightlife, Cuisine.
5.	Other attractions	: Climate, Health Resorts, or Spas, Unique attractions not available elsewhere.

Source : International Tourism, Hutchinson, 1969, pp. 148-49- can be reached) are important. Physical space may be thought of as a component

for there are those who seek the wilderness and solitude. Scenery or landscape is a compound of landforms, water and the vegetation and has an aesthetic and recreative value, climatic conditions, especially in relation to the amount of sunshine; temperature and precipitation (snow as well as rain) are of special significance. Animal life may be an important attraction, firstly in relation to bird watching or viewing game in their natural habitat and, secondly for sporting purpose, e.g. fishing and hunting. Man's impact on the natural landscape in the form of his settlements, historical monuments and archaeological remains is also a major attraction. Finally, a variety of cultural features-ways of life, folklore, artistic expressions, etc. provide valuable attractions to many.

The Elements of Tourism

In addition to three basic components of tourism namely transport, local and accommodation, there are certain elements or ingredients of tourism. These elements predispose towards tourism development. These elements which-

Table 1.2

Geographical Components of Tourism

1. Accessibility and location
2. Space
3. Scenery:
 - (a) Landforms, e.g. mountains, canyons, coral reefs, cliffs, etc.
 - (b) Water, e.g. rivers, lakes, waterfalls, geysers, glaciers, the sea,
 - (c) Vegetation, e.g. forests, grasslands, moors, deserts, etc.
4. Climate Sunshine, clouds, temperature, conditions, rain and snow.
5. Animal life
 - (a) Wildlife, e.g. birds, game reservations, zoos
 - (b) Hunting and fishing.
6. Settlements features:
 - (a) Towns, cities, villages
 - (b) Historical remains and monuments
 - (c) Archaeological remains.

7. Culture: ways of life, tradition, folklore, arts & crafts are the fundamental attractions of tourism- are n:

- (i) Pleasing weather
- (ii) Scenic attractions
- (iii) Historical and cultural factors
- (iv) Accessibility
- (v) Amenities
- (vi) Accommodation

The following are the brief discussion of culture:

- (a) **Pleasing Weather:** One of the most important and crucial attractions of any tourist place is fine weather with warm sunshine. For holidaying good weather is a particularly important ingredient since it or an unpleasant experience. Millions of tourists from countries with extremes of weather visit sea beaches in search of fine weather and sunshine. Sunshine and clear sea breeze at the beaches have attracted many since a very long time. In fact development of spas and resorts along the seacoasts in many countries were a result of travelers urge to enjoy good weather and sunshine. In Europe countries like Italy, Spain and Greece have developed beautiful beach resorts. North Europeans visit Mediterranean coasts searching for older resorts like Monte Carlo, Nice and Cannes on the Riviera and new resorts in Italy and Spain, Italy has built beautiful resorts in its southern parts of Calabria, Sicily and Sardinia along Adriatic and Mediterranean coasts taking advantage of brilliant sunshine. Many of the Mexican resorts, resorts of Pacific and California, Florida, and Hawaiian Islands in the United States are yet other examples where weather has played a prominent part in attracting tourists. Beautiful sea beaches of India, Sri Lanka, Thailand, Indonesia, Australia and some other new destinations are yet more examples of what good weather can do. All these areas in fact capitalizing on good weather have become important tourist spots.

Areas with attractive winter climates, winter warmth and sunshine are also important centers of tourist attraction. Many areas have become important

winter holiday resorts attracting a large number of winter sport facilities have been installed to cater to the increasing needs of tourists. In countries with tropical climates, many upland cool areas have been developed as 'hill station resorts'. A fine example of this could be a beautiful hill station of Simla in India. Climate then, is of particular significance to tourism and there many areas which because of their beautiful exhilarating climates can be potential tourist areas.

- (b) **Scenic attractions:** Scenic attractions like good weather are very important factors in tourism. Scenery or the landscape consisting of mountains, lakes, waterfalls, glaciers, forests, deserts, etc. are strong forces attracting people to visit them. breath-taking mountain scenery and the coast scenery exert a strong fascination for atmosphere of peace and tranquility. Tourists visiting and the northern slopes of Alps and also Himalayan mountain slope of India and Nepal for the first time cannot but be charmed by their Grand Canyon in the United states, the Giants cause way of Northern Ireland, the Niagara Falls, the Geysers of Iceland, the glaciers of Alps, the forests of Africa, the mighty rivers, the lakes and the deserts are a source of great interest to many tourists and have become the basis of an expanding tourist industry.
- (c) **Historical and Cultural Factors:** Characteristic of historical and cultural interest exerts a powerful attraction for many. Since many centuries there have had a profound influence on traveler. Large number of tourists are attracted every year by great drawing power of Stratford's on- A on in England because its association with Shakespeare, or the city of Agra in India because of its famous Taj Mahal or Pisa in Italy because of its famous leaning tower. Thousands of Americans and Canadians visit Europe because of its long historical heritage, besides, much view Europe as their original homeland have a sentimental attachment to it. Any foreign visitors to England must visit London not because it is the its historical associations and traditions and its many cultural attractions. In a similar as he does Rome and Moscow in a visit to Italy and the Soviet Union respectively. Many countries which are developing tourist industries are

using the legacy of their historical past as their major and Ellors are an example. These caves are India's oldest and most beautiful testimony of religious architecture and painting, and are man-made caves hewn out of Rocky Mountains conceived and executed some 2000 years ago.

- (d) **Accessibility:** Accessibility is a very crucial factor as it is a means by which tourist can reach the area where attractions are located. Tourist attraction of whatever type would be of little importance if their locations are inaccessible by the normal means of transport. If the tourist attractions are located at places where no means of transport can reach or where there are inadequate transport facilities, these become of little value. The tourist attractions, which are located near to tourist generating markets and are linked by a network of efficient roads and can be easily reached by air receive the maximum number of tourists. The determining a tourist's choice of destination. Longer distance cost much in way of expense on travel as compared to short distance. An example can be that of India. About a million tourist unimpressive. However, if one looks at certain factors like country's distance from the affluent tourist markets of world such as the United States, Europe, Canada, Japan and Australia, one may conclude that the long distance is rather one of the factors responsible for low arrivals. It costs a visitor India for a holiday. It has been stated earlier that Europe and North America continue to be the main generating and receiving areas of international tourism, accounting for as much as 70 percent and 20 percent, respectively, of international tourist arrivals. The intra regional tourism (tourism between countries of same region) has an appreciable influence on the distribution of world arrivals. Of the total international tourist movements within Europe and North American, at least 80 percent are intra-regional. IN the America, the United States and Canada alone account for nearly 50 percent of all international tourist traffic in the regions, therefore also predominant. In Europe, intra-regional tourism accounts for over 80 percent of international tourist movements. Easy accessibility thus is a key factor for the growth and development of tourist movements.

- (e) **Amenities:** Facilities are necessary aid to the tourist's center. For a seaside resort facilities like swimming, boating, yachting, surf-riding and such other facilities like dancing, recreation and for every tourist center. Amenities can be of two types: natural e.g. beaches, sea bathing, possibilities of fishing, opportunities for climbing, trekking, viewing, etc. and man-made, e.g. various types of entertainment's and facilities which cater for the special needs of the tourists. Excellent sandy beaches, sheltered in sunshine having palm and coconut trees and offering good bathing conditions form very good tourist attractions. Certain other natural amenities such as spacious sheltered water for the purpose of sailing, or the opportunities for fishing and shooting are also very important.
- (f) **Accommodation:** Accommodation is very basic to any tourist destination. The demand for accommodation away from one's home is met by a variety of facilities. The term is loosely used to cover food and lodging. The type of accommodation has undergone considerable change since last 25 years. There has been a decline in the use of boarding houses and small private hotels. The larger hotels are managing more or less to metropolitan areas and popular tourist areas. Elsewhere, particularly in the more traditional holidays resorts and in some seaside resorts in Europe, these are having a lean time. Some change the big units have in fact closed down in recent years. Some change have been reflected in the type of accommodation and there has been a growing demand for more informal types of accommodation, New types of accommodation, particularly holiday villages, apartment houses, camping and caravan sites and tourist cottages, etc., have become very popular. Accommodation may in itself be important tourist attraction. In fact a large number of tourists visit a particular spot simply because there is first class hotel there which provides excellent services and facilities. Some countries notably Switzerland, Holland, Austria and the Netherlands have gained reputation for good cuisine, comfort and cleanliness. The same applies to various individual establishments. Many hotels establishment in various countries especially the resort hotels are famous for their good food and services and the excellent facilities. The French government for instance, paved the

way for tourist development of Corsica by launching a big hotel building programmed.

1.(III) Growth of Tourism

Tourism as we understand the term today, is of relatively modern origin. It is distinguishable by its mass character from the travel undertaken in the past. The mass movement of people annually from their home location to another country for temporary stay a few days or weeks is a growth very largely of recent origin. Although the annual migration of people began rather more than a century ago, but the present day exodus especially in relation to international tourists is essentially a post-world war II phenomenon. The period between the two world wars can also be associated with the great movement of people for the purpose of tourism as a result of development of various modes of transport especially the motor car and the aero plane. The encouraging trend however received a setback as the Second World War intervened. Tourism is sensitive to world economic and political conditions. It can occur on a large scale where the great majority of people enjoy some prosperity and security. Tourism and holiday making on global as well as national scale is a manifestation of prosperity and peace. As a great number of people in many countries have higher living standards, they can afford to set aside a proportion of their incomes for holidays and recreation.

(a) Post Second world war phenomenon

Since the end of the last world war, tourism has developed very rapidly. As the world began to settle down after the years of readjustments immediately after the war ended in the year 1945, there has been a remarkably repaid increase in both domestic and international tourism. The United nations reported that in the ten years period between 1955-1965, the number of tourist arrivals in some sixty-five countries trebled from around 51 million to over 157 million. This however was only a beginning.

The Table 1.3 gives the indication of the sources of international tourist traffic. In 1999, USA, Germany, U.K., France, Canada, Austria, Hong Kong, Greece, Italy, Switzerland, Mexico, Portugal and Austria represented the thirteen main tourist generating countries. These thirteen countries accounted for some three-quarters of all international tourist arrivals in the world. The first two-France and USA - accounted for more than one third of the world tourist arrivals. The reasons for that are very clear. These were the countries which enjoyed prosperity and higher standard of living, the two main factors conducive to growth of tourism. The development in the means of speedy transport and communication was also witnessed in these countries are significantly. This rapid increase in tourism in the above countries was, therefore, the outcome of the factored such as the prosperity and higher standards of living leading to increased leisure, improved education and above all the rapid strides they made in speedy transport and communication.

Table 1.3

The Main Tourist Generators, 1999

Country	Total World Arrivals generated (Millions)	Share of World Total %
1. France	43.0	10.60
2. USA	36.6	9.03
3. Italy	27.0	6.66
4. Austria	18.2	4.24
5. UK	17.2	4.24
6. Canada	15.1	3.73
7. Germany	14.6	3.62
8. Switzerland	12.6	3.11
9. Yugoslavia	8.6	2.13
10. Greece	8.0	1.99
11. Portugal	7.1	1.76
12. Mexico	5.7	1.41

13. Hong Kong	5.3	1.32
World Total	405	100.00

Source : WTO

The trend in the growth of international tourism continues since the mid-1960s. The growth continues to be determined by the living standards in the developed countries. The widespread introduction of the holidays with pay to a large majority of people is yet another important factor responsible for growth of tourist traffic. The following table shows the international tourist arrivals and the annual percentage of growth in recent years.

In 1999, these were nearly 358 million international tourist arrivals in the world. This is an increase of more than 218 percent over the year 1985. During the period 1985-1999 international tourism grew at an average rate of over 7 percent annually. That period of intensive

Table 1.4
International tourism arrivals, 1985-1999

Year	Arrivals (in millions)	Index 1985=100
1985	132.7	100
1991	274.0	243.1
1992	284.4	252.7
1993	288.8	256.3
1994	286.8	254.5
1995	284.4	252.4
1996	311.2	276.1
1997	325.7	289.0
1998	332.9	295.4
1999	358.7	318.3

source: WTO

Economic development in most industrialized countries. During this period, most of the developing countries were also able to benefit from the growing trend in the developed countries to consume tourist products. As mentioned elsewhere,

Table 1.5

International Tourist Arrivals by Region

	Base Year 1990	1997	1998	1999
Europe	83,731,600	149,000,000	151,500,000	155,300,000
North America	19,335,300	27,926,000	29,323,000	30,525,000
Latin American & Caribbean	3,867,600	18,074,000	17,677,000	17,675,000
Africa	2,145,800	3,000,000	3,500,000	3,625,000
Asia and Australia	1,997,000	7,000,000	8,000,000	8,525,000
Middle East	3,403,600	4,000,000	3,000,000	3,350,000
Total	114,500,000	209,000,000	213,000,000	219,000,000

Source: Economic Review of world Tourism, WTO

Tourism and its development are closely related to consumer's purchasing power and in turn to any domestic or international economic fluctuations. In the year 1997, the world economy was seriously affected by the energy crisis, which occurred at the end of 1990. As a result there was inflation, which was responsible for the lower purchasing power. Tourism like all other sectors of production and consumption, suffered the economic consequences of that crisis. Table-1.5 clearly shows this. The total

international tourist arrivals in 1997 dropped by over two percent in relation to 1990.

In the following year 1998, as a result of efforts made by the government of industrialized and developing countries to keep inflation within acceptable limits, there was resumption of production and consumption in the main generating countries. As a consequence, there was likewise, a resumption of international travel. Total international tourist arrivals in 1998 amounted to roughly 213 million. The total number of international tourist arrivals in 1998 was estimated at between 213 and 222 million, which is a rise of between 2 and 4 percent over 1997. According to the most recent estimates produced by the Secretariat General, World Tourism Organization, international tourist arrivals in 1991 were estimated to total 450 million, or an increase of 111 percent over 1998.

Europe and North America continue to be the principal generating as well as receiving areas for international tourism, accounting for 70 percent and 20 percent respectively, of the international tourist arrivals. Table 1.5 shows this continuous trend of increase in international tourist arrivals in these areas since the year 1990. It may be stressed here that intra-regional tourism-tourism between the countries of the same region-has an appreciable influence on the distribution of world arrivals. Thus, while domestic tourist movements tend to increase more and more, holidaymakers and tourists tend at the same time to travel farther from their usual place of residence, first in their own region and afterwards beyond it. Of the total international tourist movements within Europe and North America, at least 80 percent are intra-regional. For Africa, it may be estimated that nearly 40 percent of the tourist flows are intra-regional. In the Americas, the United States and Canada alone account for nearly 50 percent of all international tourist traffic in the region, where intra-regional international tourist movements are therefore also predominant. In South Asia, intra-regional tourist movements may be estimated at between 20 and 30 percent of the total tourist traffic in the region. In Europe,

interregional tourism account for over 80 percent of international tourist movements.

The enormous expansion of tourism has thus taken place, primarily in the advanced industrialized countries, where tourism has become a part of life style and consumption pattern of most people. These countries are both the main tourism generating as well as tourism receiving areas. Over 80 percent of the total international tourist traffic originates in Europe and North America and they also receive over 80 percent of all arrivals. The rest of the world on the other hand generates a very small part of the tourist traffic and receives only a small share of total tourism revenues.

(b) Growth of Tourism in India since Independence

The main objective of developing countries in promoting their tourism industries has been the earning of foreign exchange. Employment generation as a result of tourism comes next. The performance of individual countries tourism industry in terms of earning foreign exchange, balance of payment and employment effects can be judged effectively only in relation to that of other sectors of the same economy. While the importance of tourism receipts to developing countries as a whole has increased very rapidly in recent years, the growth and significance of such receipts differ very widely from one country to another. How has India benefited from the growth in international tourism? Comparisons are, however, odious. It is not the intention here to compare tourist statistics of India with that of other countries in terms of tourist arrivals or the foreign exchange earned. The conditions differ in every country and hence are not comparable.

Table 1.6, shows that the tourist arrivals have increased nearly three-fold from 7,47,995 in the year 1990 to 2354127 in 2002. From the year 1990 there has been a constant increase in the number of tourists visiting India. Promotion of tourism became a conscious and organised activity in the year 1990 with the setting up of the ministry of Tourism and Civil Aviation

with a Cabinet minister in -charge. The uninterrupted growth of tourist arrivals since that year, as can be seen from the table is due to the result-oriented objectives which the Government set for itself. On the whole, India has been achieving a compound growth of 10 percent every year. During 1995, a growth of 12.5 percent was recorded.

One and a half million arrivals for a country of the size of India may look unimpressive. But if we look at certain factors like India's distance from the affluent tourist markets

Table 1.6
Tourist Arrivals

Year	Number of tourists visiting India	Percentage increase over prev. year
1990	7,47,995	16.8
1991	7,64,781	2.2
1992	8,00,150	4.6
1993	8,53,148	6.6
1994	1886433	0.8
1995	2123683	3.76
1996	2287860	0.38
1997	2374094	0.38
1998	2358629	0.38
1999	2481928	0.38
2000	2641157	0.38
2001	2537282	-4.2
2002	2354127	-7.2

Of the as USA, Europe, Canada, Japan and Australia, we can conclude that it is not so. It costs a visitor from these countries quite a substantial amount to visit India for a holiday. India has developed its tourism organization only countries whose share of tourist arrivals is much higher.

Moreover, advanced countries have certain geographical advantages, which India does not have. Their large tourist traffic figures are mainly accounted for by intra-regional tourism. Thus Canada gets millions of tourists every year from USA and vice versa mainly because of the two countries proximity with each other. India's neighbors are not affluent and hence our tourism from neighboring countries is not such.

India's foreign exchange receipts from tourism are estimated on the basis of per capita average expenditure of tourists arriving from different countries as obtained from surveys conducted from time to time. Table 1.7 represents the estimated foreign exchange earnings (at current prices) together with annual percentage changes during the last twenty years.

There has uninterrupted growth in the foreign exchange receipts since the year 1990. India's receipts have increased almost fourteen-fold from Rs. 26175 million in the year 1996 to Rs. 103,580 million in the year 1996-97. Tourism is now the country's first largest foreign exchange earner.

Table 1.7
Foreign Exchange Receipts

Year	Rupees (in millions)	Percentage change
1990-91	26125	6.3
1991-92	48420	37.2
1992-93	60600	23.8
1993-94	69703	15.0
1994-95	73660	5.6
1995-96	91860	24.7
1996-97	103580	12.7

C) Tourism Some Areas of Concern

All these years, there was very little and highly unplanned activity going on for the development of tourism. Even though tourism was considered an

important sector, the plan outlay for tourism has been appallingly low over the years. The budget for the industry has been only 0.11% of the total plan outlay. Over the years its share in the total outlay has come down. It was 0.19% for the financial year 1992 and is 0.13% in 2001. While the Government of China's expenditure on tourism is 3.8%, that of Sri Lanka's 4%, US 3.9% and Singapore's 9.1%, India's is only 0.9% worse still, the bottleneck in the clearance to potential investors for various projects are severely hampering the growth of the industry. Also, the tax regime, with its glut of taxes and sometimes duplication of taxes at both Central and State levels, is proving to be a major hindrance.

Briefly, the major concern areas for the industry are the high level of taxation at both Center and States, lack of coordination between state and central governments, absence of professional marketing, improper infrastructure facilities, unhygienic conditions in some tourist destinations and procedural glitches arising out of old and redundant ways of doing business (for instance no use of IT).

These days, the Indian tourism industry is increasingly seen as promising for many national and international organizations. It presents a business opportunity of a lifetime for the companies investing in it, especially if the investments are in tourism infrastructure. Currently, India has 300 million domestic and foreign tourists and the numbers are bound to grow in the future if proper planning is done. To give a thrust to the tourism industry seven S's denoting the focus areas have been identified, which are:

Swagat (the welcoming), Soochana (providing information), Suvidha (providing facilities), Suraksha (providing safety), Sahyog (building cooperation), Samrachana (developing infrastructure) and Safai (ensuring cleanliness). In fact, during the survey it was experienced that the foreign tourists in India, cleanliness and hygiene at tourist spots was one of the major negatives. Thus the drive to ensure safai, in and around tourist destinations should be at the top priority. Although my study is not much concerned with the foreign tourist or domestic tourists. But I have visited various hotels at the tourist destinations.

Encouragingly, tourism figures at the top in the Prime Minister's priority list. The Department of Tourism of the Government of India is already working on it and has chalked out a plan of potential projects in consultations with the various State Governments. The plan envisages developing transport, hotels and other infrastructure to increase the inflow of tourists. Both the State and Central Government are actively working towards improving the industry, however a few hindrances have to be weeded off if the industry hopes to retain its luster.

Assuring and ensuring

These moves by the Government are only small signs looking up; there is a lot that needs to be done of the industry to reach its full potential. Even though India has one of the richest cultural heritage and the widest range of geographical diversity, it has been lagging way behind other countries, especially China. In 1978, both China and India attracted equal number of foreign tourists but today more than 27 million international tourists visit China while India gets about one – twelfth of that number as tourists.

On top of it, events like September 11, the recent Iraq war and the SARS scare have affected the Indian tourism industry. In fact, estimates put India's tourism industry's loss since the terror attack in the US at around \$200 million. While these events, especially SARS have affected China also, the chances of the lasting period of the effect may not be as much as India's. It is increasingly felt among industry experts that the Indian tourism sector is marred by passivity of the Government. And lately become quite active, the sector needs a big fillip.

India's tourist traffic is mostly from US and Europe. Even when India registered a decline of 4.2% in international arrivals in 2001, UK and USA remained 5th top generators of inbound traffic. In that year, of the 2.54 million international arrivals, 0.48% million were from Pakistan and Bangladesh. Other countries like Sri Lanka, France, Canada, Japan, Germany, Malaysia, Australia and Singapore were figured in the top 10 inbound traffic generator list. Tourism receipts in 2001 were to the tune of US \$3.04 bn and here also tourists from US remained the highest

spenders. In fact, according to industry experts India gets about 2.5% million visitors every year, 30% of that figure being tourists and 90% of these tourists are from US and Europe.

Domestic Tourism: Need for Push

Just as international tourism, domestic tourism also needs to be encouraged. India has been lagging far behind other countries in its efforts to boost domestic tourism. Consequently it has been noticed that Indians are holidaying abroad rather than within the country, thereby creating a dent in the foreign exchange reserves. With the upwardly mobile populations increasingly visiting foreign locales, at the expense of the domestic tourism sector. Some reasons for this skew is the exorbitant costs of domestic travel and its price in competitiveness in relation to neighboring tourist destinations as a result of high taxes on tourism. In 2001, the outbound tourists were around 4.07 million.

Because of the concerns of war and increasing fear of terrorists coupled with fright of diseases like SARS, the international tourist traffic is sure to reduce, thus domestic travel, which was adversely impacted by militancy in Jammu and Kashmir, terrorism in Punjab and North East states, and naxalism in Andhra Pradesh, becomes the prime and steady source of income for many states. Many states, which are complacent because of the huge inflows of foreign tourists have to realize the importance of domestic tourists and may have to redraw some strategies to attract them.

(d) Employment –

Being a service industry, tourism creates employment opportunities for the local population. This is an important aspect in development countries such as India where the level of unemployment and underemployment tends to be high. Tourism creates large number of direct jobs in establishment like hotels, restaurants, tourist shops, and travel agencies and also in the transport, handloom and handicraft industries. Direct employment is also generated for certain category of workers like interpreters, guides, tour operators, etc. Those directly employed in the

tourism industry create indirect employment in certain other sectors through their demand for goods and services. Tourism itself creates induced jobs reflected for example by increased employment opportunities in the building construction industry, by stimulated growth in ancillary trades such as handloom, handicrafts, arts and crafts, sanitary ware, glassware, glassware, cutlery, crockery, linen, furnishings and furniture and many others. The National Council of Applied Economic Research (NCAER) estimated in 1990 that about 9,33,000 persons were directly or indirectly employed in tourism industry.

Why does a tourist visit a particular country or to put it differently why does a particular country attract a tourist? Crossing over thousands of miles and spending a fortune a tourist comes to a particular destination to relax and at the same time to see the culture of the country. For relaxation India has mountains and hills, valleys and meadows, beaches and deserts, gardens and other resorts. In addition, we are fortunate to have a very rich heritage resulting in wonders like the Taj, the Ajanta and Ellora and Khajuraho. Very few Nation in the world could afford to or have the will today to create similar man-made wonders. India has everything's that average tourist wants to see. Its sights and beautiful hill stations, valleys and holiday resorts and wildlife sanctuaries are all fascinating. Very few other countries have such variegated delights to offer to a visitor.

In brief, it is the sum total of a country's tourist attractions infrastructure and tourist services (tourist product) which result in satisfaction of the consumer- the tourist. This tourist product can be entirely man-made or nature's bounty improved upon, jointly with the efforts of the government and other agencies concerned with the development of tourism in the country.

1. (IV) TOURISM POLICY OF UTTAR PRADESH

Uttar Pradesh, geographically the fourth largest state in India, nestles within its folds a diversity of terrain and culture. Its 2,94,410 sq.kms. have the mighty Himalayas as silent sentinels; Gods, saints and sages have

sanctified its soil. Thick deciduous and tropical forests with exotic flora and teeming wildlife. The largest system of meandering rivers and fertile plains with tales of love immortalized by the magnificent Taj Mahal and the "*Rass Leela* (Dance of love)" of Brijbhumi. Rocky domains of the hills of central India famous for their tales of bravery and valor.

With its unending beauty in diversity, U.P. offers, perhaps, the richest tourism potential. Snow clad mountains, forests and wildlife, shrines and temples, glorious forts and monuments, breathtaking adventure and sports: trekking, skiing, hang-gliding, water and aero-sports, etc. Beautiful art and handicraft, exotic traditional cuisine and costumes and a varied culture.

Till now the State Government had laid emphasis on providing the necessary tourism infrastructure through the public sector. However, with the fast changing economic scenario there is now a need to involve the private sector in the development of tourism infrastructure and adopt an approach that will ensure the best possible utilization of resources of the state in the long run. This generation of infrastructure will not only cater to the needs of the tourists but also create direct and indirect employment. The tourism policy takes note of the above and provides a comprehensive package of incentives/facilities to the private entrepreneurs for rapid development of the tourism infrastructure in the State.

Table – 1.8

PROJECTED TOURIST ARRIVALS IN THRUST CIRCUITS AREAS

Buddhist Circuit	Tourist Destination	1993 (Actual)	1994	1996*	1998**	2000**
	Sarnath	3.76	4.48	5.85	7.08	8.55
	Kushinagar	2.58	3.02	3.65	4.41	5.33
	Pirahwa	0.97	1.08	1.29	1.55	1.87
	Sankisa	0.14	0.14	0.16	0.18	1.00

	Sravasti	2.20	2.42	2.92	3.53	4.26
	Kaushambi	0.49	0.49	0.58	0.69	0.84
	Gorakhpur	15.07	16.50	10.96	24.14	29.20

Bundelkhand

	Jhansi	1.60	1.74	2.10	2.54	2.99
	Chitrakoot	9.62	11.07	13.38	16.18	19.56
	Kalinjar	5.05	5.62	6.79	8.20	9.92

Agra

	Agra	20.37	20.16	24.93	30.16	36.48
	Mathura	45.72	49.69	60.11	72.73	88.00

Lucknow

	Lucknow	29.74	34.26	41.44	50.13	60.65
	Neemsar	3.70	4.31	5.28	6.38	7.71
	Dudhwa National Park	11.02	12.70	15.36	18.57	22.47

Hill regions including adventure sports and traditional yatra routes.

	Badrinath	4.77	4.97	6.00	7.26	8.77
	Kedarnath	1.19	1.23	1.48	1.78	2.14
	Gangotri	1.12	1.27	1.52	1.83	2.21
	Yamunotri	1.04	1.15	1.38	1.66	2.00
	Joshimath	0.46	0.79	0.94	1.13	1.36

	Hemkund/ Valley Flowers	of	0.37	0.40	0.48	0.57	0.68
Total			160.98	177.03	215.60	260.70	315.98

*Estimated

**Projected

(All figure in lakhs, 1 million = 10 lakhs)

(a) INVESTMENT OPPORTUNITIES

Uttar Pradesh offers a range of exciting options. Each of which is profitable, rewarding and satisfying investment. Choose from : Hotels, resorts, wayside amenities, amusement parks, rope-ways, catering and hotel management institute, golf courses, drive-in theatres, heritage hotels, camping sites, tent colonies, manufacturing/marketing of equipment for trekking, river rafting, hang gliding, angling, skiing etc. Take a first step and see the good times roll. Few typical project profiles for illustration are given below:

Table – 1.9

PROJECTS PROFILES

S.No.	Project	Cost (Rs. in Millions)
1.	Amusement Park at Greater Noida / Noida	750.00
2.	Amusement Park at Lucknow	250.00
3.	Amusement Park at Allahabad	150.00
4.	5- Star Hotel	155.00
5.	4- Star Hotel	78.00
6.	3- Star Hotel	36.00
7.	2 - Star Hotel	21.80

8.	120 Seated Restaurant cum Bar 1	2.40
9.	100 Seated Restaurant Cum Coffee Corner	7.90

(b) TOURISM IN NINTH FIVE-YEAR PLAN

TOURISM - Tourism is a major phenomenon of the modern society with significant socio-economic consequences. Over the years, tourism has emerged as a major segment of Indian economy contributing substantially to the foreign exchange earnings which have increased from Rs.4892 crore in 1991-92 to Rs. 10417 crore in 1996-97. The direct employment in the sector during 1995-96 was about 8.5 million persons, accounting for about 2.4 per cent of the total labour force.

An important feature of the tourism sector, which is of particular significance to India, is its contribution to national integration and creation of a harmonious social and cultural environment. Over 100 million domestic tourists visiting different parts of the country every year return with a better understanding of the people living in the different regions of the country and the geographical, biological and cultural diversity of India. Tourism also encourages respect for, and preservation of, monuments and heritage properties and helps the promotion of art forms, crafts and culture.

Review of the Eighth Plan

There has been a gradual increase in the Central Plan outlay for tourism over the Plan periods from Rs.1.58 crore in the Second Plan to Rs.272.00 crore in the Eighth Plan.

The details of the expenditure during the Eighth Plan period for the Department of Tourism and ITDC are given in the Table 7.6.1

Table-1.10

Eighth Plan Expenditure- Tourism

(Rs.Crore)

Sub-head	8 th Plan	1992-93	1993-94	1994-95	1995-96	1996-97	8 th Plan
	Outlay	Exp.	Exp.	Exp.	Exp.	Exp.	Exp.
Deptt.of Tourism	236	73.57	86.48	89.11	97.87	89.66	436.59
ITDC	36 (32)	5.84 (0.8)	7.28 (2.28)	8.82 (8.82)	14.20 (14.20)	17.69 (17.69)	53.83 (43.83)
Total	272 (32)	79.41 (0.8)	93.76 (2.28)	97.93 (8.82)	112.07 (14.20)	107.35 (17.69)	490.42 (43.83)

Figure in bracket indicates IEBR.

As against the Eighth Plan outlay of Rs.272 crore (1991-92 prices), the expenditure during the period has been Rs.490.42 crore (current prices). The entire Plan expenditure of ITDC from the year 1994-95 onwards has been met from internal and extra budgetary resources. Bulk of the expenditure of the Department of Tourism was incurred on tourism publicity.

The major schemes of the Department of Tourism relate to Promotion and Publicity, Central Assistance for the Development of Tourist Infrastructure, Human Resource Development and Incentives. The Central Government investment for the improvement and creation of tourist facilities is channelised through State/UT Governments on a cost sharing basis. Under this pattern of funding, the Central Department of Tourism meets almost the entire expenditure, except the cost of land and interior decoration in the case of construction projects.

In order to finance major projects for development of tourist infrastructure, a new pattern of financing was conceived during the Eighth Plan. Apart from the State and the Central Governments contributing towards the funding of projects, the new scheme, known as Equity scheme, envisaged

a major role for the financial institutions. As the State Governments could not formulate bankable projects, the scheme could not, however, make much headway in the Eighth Plan.

The Eighth Plan envisaged a growth of 9% to 10% per annum in international tourist arrivals and about 2.75 million tourist arrivals were anticipated by the end of the Eighth Plan. The target, however, could not be achieved due to various reasons such as armed conflict in the Gulf region, reduction in international outbound traffic during the period, law and order problems and health hazards in some parts of the country. The number of tourists who visited India during the Eighth Plan period increased from 1.78 million in 1991-92 to 2.33 million in 1996-97.

The main emphasis in the Eighth Plan for the ITDC was on consolidation rather than on expansion of accommodation. The Corporation, which earned a net profit of Rs.3.11 crore in 1991-92 improved the financial performance during the Eighth Plan period and earned a net profit of Rs. 55.8 crore in 1996-97.

Policy Framework for the Ninth Plan

The policy objective in the Ninth Plan will be to work towards creating a tourism product that provides the persons traveling to various places a pleasant experience on their trips, through an environment of peace, stability, security and an integrated system of physical infrastructure that does not fail. Tourism should become a unifying force nationally and internationally, fostering better understanding through travel. It should also help to preserve, retain and enrich our world-view and life-style, our cultural expressions and heritage in all its manifestations.

It is important to realize that development of tourism has an important indigenous dimension. The number of middle and lower middle class tourists visiting distant places in the country is on the increase. The captive tourism around the places of pilgrimage is also increasing fast. There is a need for creating adequate, hygienic, decent, low-cost facilities for such tourists. The measures for ensuring safety, particularly in difficult places of pilgrimage at high altitudes, should be emphasized. Many of these places of captive tourism are in the regions which are economically poor.

Development of tourism in these areas, therefore, will accelerate the economic development of these regions.

The diversity of the tourism product in India makes it imperative that the development of tourism has to be a joint effort of all the infrastructural Departments, public sector undertakings, State Governments and the private sector. The approach to tourism development in the Ninth Plan will accordingly be on coordinated efforts by the public and private sector and the major thrust will be on selected areas of tourism.

THE APPROACH AND THRUST IN THE NINTH PLAN

The approach in the Ninth Plan will be to concentrate on the development of selected centers and circuits through effective coordination of public and private efforts so as to achieve synergy in the development of this sector. The Government will focus on the development of basic infrastructure such as transport facilities and civic amenities and play a facilitating role in the provision of accommodation and other facilities for all classes of tourists, both domestic and international. A mechanism will be developed for effective coordination of all the relevant agencies concerned with promotion of tourism. In developing tourism, it will be ensured that the sites are conserved and the environment is not degraded. The major thrust areas in the Ninth Plan will be

1. Indigenous and Natural Health Tourism
2. Rural and Village Tourism
3. Pilgrim Tourism
4. Adventure Tourism
5. Heritage Tourism
6. Youth and Senior Citizens Packagers.

People's participation in tourism development including Panchayati Raj institutions, local bodies, non-governmental organizations and enterprising local youth will be encouraged to create public awareness and to achieve a wider spread of tourist facilities

The infrastructure projects, which are commercially viable, will be funded by the Govt. under the Equity Scheme except in the North Eastern States and selected hill regions in the country. The existing pattern of funding would generally be applicable only to purely promotional and product development projects and in the North East Region and selected hill regions where the equity funding pattern is not insisted upon.

The main schemes of the Department of Tourism, namely Central Assistance for Development of Tourism Infrastructure and Promotion and Marketing would continue in the Ninth Plan. Efforts would be made to make them more effective.

In order to give boost to foreign exchange earnings, employment and income generation through tourism activities, Export House Status will be granted to tourism units

EXPORT HOUSE STATUS TO TOURISM

The Govt. will grant Export House Status to Tourism units in the Ninth Plan. The threshold limit for eligibility of such status for tourism units will also be revised downwards. The grant of Export House Status will entitle the tourism units to get all the benefits that are available to recognized export houses including the entitlement of

1. Special Import License (SIL)
2. Free Trading of these SILs
3. Import of several equipments under these SILs
4. Waiver of Bank guarantee for imports
5. Import of cars against foreign exchange earnings.

ITDC will consolidate its existing activities. The performance of ITDC will be improved through restructuring of the existing properties and improving the quality of service. No project relating to construction of new hotels is envisaged during the Ninth Plan period

Intersectoral Coordination

Availability of basic infrastructure components like airports, railways, roads, waterways etc. is a critical requirement for the development of tourism. Inadequate airline capacity and limited passenger handling capacity of airports is a major bottleneck in the expansion of tourism. The development programme of Civil Aviation sector particularly that of Airports Authority of India would aid in promotion of tourism. In order to facilitate movement of tourists, particularly where the road segments are in poor condition, it will be important to develop water transport systems like cruises, catamarans, hydroplanes etc. in the private sector and the necessary berthing facilities at the respective ports.

Foreign tourists have a special fascination for rail transportation. The Ministry of Railways has introduced two Special Tourist Trains and the introduction of more of such trains is being considered with private sector participation. Besides making efforts at providing railway platforms and linkages to all the international airports for boarding a train straight to connect important tourist centers, hygienic conditions, environment and passenger facilities in and around the main railway stations near the identified tourist centers will be improved.

The road segments connecting tourist centers and the road transport system require improvement as about 80% of the foreign and domestic tourists make use of the road transport system for visiting different destinations. It is necessary to produce good quality road maps and provide adequate road signs in all the tourist routes

Manpower

Availability of trained manpower is essential for the development of a service sector like tourism. At present, there are 20 Institutes of Hotel Management and Catering Technology and 13 Food craft Institutions functioning in the country. A number of institutes have also started coming up in private sector since it can find adequate number of trainees with the required paying capacity.

During the Ninth Plan period, the Government will consider the setting up of new institutes only at such places where the demand for trained manpower far exceeds the availability and the private sector is not interested or cannot be motivated in providing adequate training facilities to fill the gap. Development of training facilities will be encouraged in the private sector and the Government will gradually withdraw from providing budgetary support for the setting up and running of training institutes.

2. IMPORTANCE & SCOPE OF THE STUDY

Tourism has been regarded as an economic proposition in India since ages and has a distinct role to play as an Industry. It is a promising industry and has a bright future. It is treated as an industry. It can yield rich dividends.

Considering the socio-economic importance of tourism, the Governments and their agencies and private sector units and individuals are their agencies and private sector units and individuals are taking various measures to promote tourism. Many developmental schemes and projects involving large investments are being taken up. Objectives evaluation of the performance of the industry in the light of its past performance and expected future prospects become imperative particularly in the context of large-scale investment and consequential added social responsibility.

Promotion of Tourism can contribute immensely to our Economy. The prosperity of several regions particularly of Hill regions is directly linked with the growth and development of this industry. Until recently Tourism remained as a most neglected subject in our country but now a days concerted efforts are being made to each on this industry by taking up its early and speedy development.

In our country the states of Andhra Pradesh, Madhya Pradesh, Kamataka, Himachal Pradesh, Jammu and Kashmir, Uttar Pradesh and Goa, Daman and Diu offer to tourist paradise of rare variety having within their

boundaries Places of scenic beauty, cultural and historical importance and soothing climate to the mind. In Himalayan region, colorful valleys massive mountain ridges, beautiful snow clad peaks provide tourists one of the greatest attraction. This holds good in the case of Bundelkhand region also. Perhaps no other part of India offers so many tourist attractions as the Bundelkhand region and its surrounding areas.

Promotion of Tourism ensures a number of advantages and benefits to different communities. Firstly, it helps in the development of Trade and Commerce at certain places and the prosperities of the businessmen is directly influenced by the presence of tourists. The increasing tourist traffic on such placers benefits the local population in number of ways. Such development of refreshment, entertainment, food, fruits dairy products depend on the local enterprise.

Secondly, the tourist provides a lot of opportunities to serve themselves to a coolie, a porter, a rickshaw puller, a tourist guide, a motorist, etc. In fact these persons treat a tourist guide, a motorist, etc. In fact these persons treat the tourists as their valuable customers and are dependent on tourists for their livelihood. They regard the tourist as there 'annotate'.

Thirdly, the promotion of tourism would provide a network of development to ancillaries like Hotels, Restaurants, Transport, Poultry Farming, etc.

Fourthly, tremendous employment and business opportunities can be made available to a large population in the country by promoting tourism industry..

Lastly, a large number of foreign tourists can be attracted by promoting tourism in different parts of the country and would help in earning foreign exchange. The development of tourism can also help in removing regional disparities and in building up the economy of the people. All these advantages surely convince everybody that promotion of tourism is of multiple benefits and is a great necessity in our country.

Bundelkhand region is a premier region of Uttar Pradesh and Madhya Pradesh. It is also known as a gateway to various places where lakhs of tourists pay their visit every year. Keeping in view of this fact, I have selected this topic for focusing attention and throwing light on the Role of Financial Institution in promoting Tourism Industry in Bundelkhand region of Uttar Pradesh.

3. OBJECTIVES OF THE STUDY

The main objectives of the proposed study are-

1. To study the different kinds of loans sanctioned by different Financial Institution for the growth of Tourism Industry in Bundelkhand region.
2. To study the procedure of Financial Assistance available for Tourism Industry in the Region.
3. To analyses the trend of financial assistance provided by different institution for Tourism industry during the period under the study.
4. To identify the problems faces by Tourism Industry in securing loans from various Agencies.
5. To identify the various difficulties faced by different financial institutional Agencies in granting loans to Tourist Industry.
6. To analyze the incentives and aids provided by State Government for the development and growth of Tourism in Region under Study.
7. To draw conclusions and suggest measures for the rapid growth of Tourism.

4. ROLE OF U.P.F.C. AND OTHER INSTITUTIONS IN PROMOTING TOURISM IN BUNDELKHAND REGION

Not only in Uttar Pradesh but in India, perhaps, one of the oldest centers that has attracted the tourists is Bundelkhand region. In Uttar Pradesh, the Department of Tourism was set-up in 1972, but it had already initiated a great many Tourist project in Bundelkhand region, there are many tourist

bureau offices, for providing information about the region and the places of tourism. Tourism department looks after Tourism promotion activities and State Government helps in various ways.

The development of tourism industry depends on infrastructure of that economy and promotional activities of State Government and other Institution.

The tourism Industry gives lot of foreign exchange to the State, that is way Tourism Development is on the priority list of the Government. The investment in Tourism is justified in terms that it contributes a lot in the development of the country and as well as the people in and around that place. In view of this the State Government gives a lot of emphasis to promote Tourism in important cultural, religious, archeological, historical and scenic centers according to the time and taste of the people.

The Government of India is taking various steps in promoting Tourism as an Industry. There are two ways in which the Government can promote Tourism. Firstly, it can create a favorable climate for investment by ensuring that conditions reassure the private investor to consider Tourism development as an attractive investment proposition and secondly by offering special financial inducements such as subsidies credits, tax concession, concessional rate of interest special facilities for land purchases, etc.

These are various institutions, which help in promoting Tourism in Bundelkhand region like UPFC, , State Bank of India, Commercial Bank, Private Financial Companies, State Finance Corporation, ITDC, Tourism Finance Corporation, Forest Department, Industrial Banks, Industrial Finance Corporation, etc. These Institutions help a lot in promoting Tourism development in some way or the other in the region. We will discuss and write about these institutions in brief and will be able to know how all these above institutions help in promoting Tourism of the region.

(a) Role of UPFC in promoting Tourism in Bundelkhand Region

Uttar Pradesh Financial Corporation (UPFC) was established on November 1st, 1954 by the Government of Uttar Pradesh under state Financial Corporation Act, 1951 with its Head office at Kanpur. The Corporation has at present 21 Regional Offices and branch offices throughout the State.

In Bundelkhand, UPFC established its office to promote Industrial Development of the Bundelkhand region. In particular and the region of Bundelkhand in general by providing term loans to small and medium scale units. Due to assistance given by the UPFC to many entrepreneurs several units nurtured by UPFC have groomed into large enterprises. UPFC established its Branch Office in Jhansi of Uttar Pradesh.

UPFC endeavors for the industrial Development of the State by providing long-term loans for acquisition of land, building, plant and machinery, etc.

At present UPFC is one of the premier term lending State Financial Corporation of India. It has played a pivotal role in the development of entrepreneurships in Bundelkhand region. IDBI has granted 'A' category status to UPFC indicating overall satisfactory performance of UPFC.

With an aim of giving a boost to the booming Tourism Industry in Bundelkhand region, UPFC provides easy financial aid for establishment of Hotels, Motels, Restaurants, Travel Agencies, Amusement Parks, etc. Assistance is also given by UPFC for expansion and refurnishing of existing facilities in the Tourism sector.

UPFC provides long loans to infant industries as well as helps the existing industries to keep pace with modernization, diversification and expansion.

(b) ITDC (India Tourism Development Corporation)

This Corporation was established in March, 1965 by the merger of three separate Undertakings. They are-

- 1) The Hotel Corporation of India Ltd.
- 2) India Tourism Corporation Ltd.
- 3) India Tourism Transport Undertaking Limited.

The main function of ITDC are the construction of Hotels, management of hotels, tourist bungalows and restaurants, providing shopping, transport and entertainment facilities to the tourists. The activities of ITDC also includes the production of publicity materials for the department of Tourism and operation of duty free shops at international air and sea ports.

(c) State Bank of India (SBI)

SBI is playing a vital role in providing finance to small scale industry and to Tourism industry indirectly by giving term loans to hotel industry, travel agencies, restaurants, transporters, tour operators, etc.

SBI is doing an excellent work in promoting tourism in Bundelkhand region and has occupied the important place in this regard and is playing a role of complementary to that of specialized term lending institutions. The proportion of long-term industrial credit to the total credit has considerably been increased over the period of last two decades. In spite of this fact some specialized special institution have to be established to meet the rapidly growing needs of our industrial sector for medium and long term finance

Presently in our country several financial intermediaries namely banks, insurance companies, unit trust and finance corporation have been working which channelise loanable funds into industrial investment.

Hoteliers secured loans for hypothecation of laundry equipment, office equipment furniture and fittings, cooking, cutlery, glassware, silverware, carpets, kitchen equipment, motor cards, stoke of stoves and wine , mortgage of property. For all these the SBI charges interest, which varies from 12.5 to 20.5% p.a.

Lending by bank mostly depends upon the financial standing and post-management records of the individual hotel, travel agency, tour operators, transporters, etc. and the security provided. The banks also satisfy themselves from the above entrepreneur that the loans that they are giving are adequately serviced. There are lots of terms and conditions in which the bank after satisfying themselves lends loans to the entrepreneur.

In Bundelkhand region, state bank of India, has been providing finances to a number of hotels every year. In Bundelkhand region, state bank of India provides loan to hoteliers in different year for constructing hotel buildings.

In this way, SBI gives a lot of contribution indirectly by promoting tourism-relating facilities and developing infrastructure. SBI also give to the entrepreneurs to develop amusement parks near the Tourism spot, which thus contributes in promoting Tourism.

(d) Commercial Banks

Commercial Banks had played an important role in promoting Tourism in Bundelkhand region. The branches of commercial banks operate in the region and is at present round about 125. Out of which 52 are in urban areas, 12 in semi-urban and 61 in rural areas (based on survey of one of the employee). Through in Bundelkhand region only few hoteliers, travel agencies, tour operators have taken loan from commercial Banks.

The financing to the hotel industry by commercial banks was started in the late sixties. Gradually, the commercial banks started financing to others such as travel agencies, etc. (which indirectly helps in promoting Tourism related industry). Commercial Banks have now started a variety of new schemes, which helps lot of hotel sectors, etc. The scale and scope of the commercial bank is increasing day by day is giving a wide variety of financial assistance to hotel, Travel Agencies units, etc. from equity to bill finance.

The Commercial Banks lends loans to the Hoteliers, Travel Agencies, Tour operators, etc. by fulfilling the required conditions, the interest charged by these banks varies -on interest. Commercial banks provide loans to entrepreneurs on short-term basis. However, Commercial Banks are now providing for fixed assets term finance for a period of 10 years.

In Bundelkhand region, Commercial Banks provide finance to hotel units in Jhansi city and Khajuraho in different years. Few of hoteliers apply for loan to commercial banks because this agency takes a lot of time on sanctioning loan and requires a lot of information from entrepreneurs. Every year commercial Bank sanction finance loans from 7 to 8 hotels.

Commercial Banks provides loans only to qualified entrepreneurs possessing requisite technical ability for working capital purpose to the full extent of the value to the assets intended to be acquired.

Commercial Banks also provide advance loan for a short period to hotel Industry and Travel agencies this agency sanctions interest free loans also.

Although Hotel units obtain favorable treatment from commercial banks. The overdraft is easily adjustable to reasonable and fluctuating requirements of the hotel and the limits of overdrafts can be negotiated regularly.

(e) Private Finance

In Bundelkhand region, lot of private finance companies are operating which provide loans to entrepreneurs on reasonable interest rates.

Firstly, the application of entrepreneurs is scrutinized in detail. Only after satisfying themselves, this agency provides loans to different entrepreneurs. As compared to other agencies, the procedure and legal requirement in disbursing loans to local entrepreneurs is easy. That's by in Bundelkhand region, this agency has given a boost to the Tourism agency

by providing loans to the Hotel units, Travel agencies, Tour operators, transporters, etc.

The owner takes this type of finance from relatives, friend's directors of certain private companies. In Bundelkhand region. total 10 hotel units are self financed (Data Based on Survey). Contribution from private sector will help to ensure active participation by private owners.

So private finance is a prime and exclusive source of financing.

Financing at the central level of the tourist organization and private funds are used at regional or local levels.

(f) Tourism Finance Corporation

Tourism Finance Corporation Of India:

Incorporation and Commencement of business:

TFCI was incorporated on 27th January, 1989 as a public limited company under the Companies Act 1956. It became operational on 1st February, 1989 on the receipt of Certificate of Commencement of business from the Registrar of Companies.

Share Capital:

The authorized share capital of TFCI is Rs.100 crores of which the initial paid-up capital was Rs.50 crores. TFCI came out with a public issue of equity share capital of Rs.17 crores at a premium of Rs.20 per share. This issue was oversubscribed by 10 times. TFCI has over one-lakh shareholders.

Business of the Company:

TFCI provides financial assistance to enterprises for setting up and development of tourism related activities, facilities and services including hotels, restaurants, holiday resorts, motels, highway facilities, amusement parks and complexes for entertainment, education and sports, safari parks, ropeway, cultural center, convention halls, all forms of transport industry, air taxis, travel and tour operating agencies, tourist emporia,

sports facilities, etc. TFCI also formulates guidelines and policies related to financing of such projects i.e. it plays a developmental role within the overall policies of the government.

Types of Financial Assistance for Tourism Projects:

TFCI provides financial assistance of new, expansion, diversification, modernization projects in tourism industry and other related activities in the following forms:

- a. Rupee Loans
- b. Underwriting of public issues of shares/debentures and direct subscription of such securities.
- c. Guarantee for deferred payments and credits raised in India and abroad.
- d. Equipment finance e. Assistance under suppliers' credit
- f. Merchant Banking and Advisory Services.

TFCI is operating on similar lines as IDBI, IFCI and ICICI. TFCI has been included as a member in the consortium of financing of projects of all India public financial and investment institutions under Project Financing Participation Scheme (PFPS). It has also been declared a public financial institution under section 4A of the companies act 1956 vide notification number S.O.7. (E) dated 3rd January, 1990 issued by the Ministry of Industry, Department of Company Affairs.

TFCI provides financial assistance for projects in tourism industry where the total project cost is over 3 crores, in consortium with other financial institutions like the IFCI, ICICI and IDBI. Regarding projects with capital cost between Rs.1 crore and Rs.3 crores, TFCI finances the gap after taking into account financial assistance available from the State level institutions. Rate of interest charged by TFCI is equivalent to the other financial institutions. Heritage hotels are given interest subsidy at the rate of 5%.

Norms of Assistance:

A flexible view is taken into account with regards to the norms for financial assistance regarding promoters' contribution, debt-equity ratio, moratorium period and repayment period depending upon the merits and circumstances in each case. The general norms are as under:

a. Promoters' contribution:

The normal promoters' contribution for new products is 30%. Relaxation is allowed in respect of large projects involving capital cost exceeding Rs.100 crores.

b. Debt-Equity Ratio:

The general norm is 1.5:1 with marginal relaxation depending upon the nature of the project and its capacity to service loans and the share capital.

c. Moratorium period and Repayment:

This depends upon the period of completion of the project and stabilization of operations as well as the cash flow generation estimated to be available for debt-servicing purposes. Currency loan would be for 8-12 years including the moratorium period. With respect to transport sector, restaurants and similar projects the repayment period would be within 5 years.

d. Land Cost:

TFCI has been adopting a norm of 10-15 percent of the project cost or the actual cost of land whichever is lower, in respect of land for hotel projects, subject to the capacity of the project to service the investment including cost of land. In exceptional cases a relaxation beyond 15% might be considered based on the merits and circumstances of the case.

e. Operations of TFCI:

TFCI has received an overwhelming response from the tourism industry. The cumulative sanction of assistance by TFCI in the last 6 years ending 31st March, 1995 amounted to Rs.755 crores for 246 projects including

projects promoted by entrepreneurs entering tourism industry for the first time. Cumulative addition in hotel rooms as a direct result of assistance by TFCI amounted to 15246 rooms and the total investment amounted to Rs.2425 crores. TFCI has also assisted in non-conventional projects like amusement parks, sports facilities, car rental, taxis, ferries, ropeways, airport facilitation center, training institutes for hotel personnel, etc

This agency provides financial assistance to enterprises for setting up and or development of Tourism sector, tourism related activities, hotel industry related activities. This agency is coordinating and formulating guidelines and policies related to the financing of such projects.

5. GROWTH OF TOURIST PLACES IN BUNDELKHAND REGION

Tourism brings prosperity to a region. The picturesque landscape, salubrious climate, historical monuments and species of flora and fauna are amongst the factors that attract an ever increasing number of tourists to the region. Broadly Bundelkhand region can be divided into two major tourist zones i.e. Bundelkhand region of Uttar Pradesh and Bundelkhand region of Madhya Pradesh.

Bundelkhand region potentially offer ample opportunity for rest and recreation. Future emphasis should, therefore, be on the development of recreational facilities in the winter, the development of theme park, and the preservation of historical landmarks such a park estate, with special tourist interest of photography, national parks, folk festivals, temples of Khajuraho and other various temples of the region, mythology and social customs of anthropological significance.

Places of Tourist Interest

(a) Bundelkhand - Into the Heart of India

Once upon a time, in the good old days, Bundelkhand was the name given to the place that was at the very heart and center of India. Large chunks of

land from Madhya Pradesh and Uttar Pradesh: Datia, Panna, Tikamgarh, Chattarpur and from the alter Jhansi, Hamirpur, Jalaon and Banda combined to give this place its history and legend.

Of course the right time to go there is in the monsoon when the parched earth has quenched its slaked throat and the lush foliage blooms. For here you will discover a treasure trove of our past. Wandering down memory lane you'll come across abandoned cities, forgotten palaces, temples, mosques and much more. For history finds, it'll suffice to know about the traces for settlements dating back 2000 to 3000 years ago-you're right!-the times when Buddhism held sway to leave behind a legacy of art. They were followed by the Gupta rulers of the 4th and 5th centuries who had perfected the alchemy of turning stone into poetry. Time passed and the Moghuls began to leave their imprints on the sands. And in this region their architecture was to imbibe the twin elements of Rajputs and Pathan disciplines.

So id you're ready to take the plunge, its best to catch the Shatabdi Express just like we did from the New Delhi railway station to Bhopal. As you lie back in relative comfort, en route you take in Agra, Gwalior and Jhansi in all of four-and-a-half-hours. I really hope you're an early bird type and don't mind the trains leaving at crack of dawn. The good news is, it does give you latitude to stretch your day.

Jhansi's assured a permanent niche in the annals of the brave by a young queen who was to blaze a trail of glory. But like all tales, this too must start at the beginning. . .

By the year 1803, the wily merchants of the East India Company had begun to meddle in the affairs of the royal households of India. The craftiest of all was the Doctrine of Lapse-actually a neat little tricks of grabbing state where the last ruler happened to have passed away without a male heir. Here, they simply pensioned off the Rani, still barely in her twenties. So she bided her time. Waiting for the courts to give her justice.

But they were loaded against her. The Australian-born, John Lang, a lawyer and later a novelist, took her brief. Nothing came of it.

Four years later, as the storm of 1857 gathered over the land, she bounced back to the forefront of the rebellion in Central India.

The attack on the richest city in Central India, on the fortress that was strong, not only by its natural position but the resources of art; and its walls, which were built of granite, from 16 to 20 feet in thickness, were well embrasured for cannon and loop-holed musketry while the place was defended by a garrison of 12,000 men, headed by a fearless Rani of Jhansi the year 1853.

Sir Hugh Rose led the assault and gives a graphic description of the siege: This was not affected without bloody often hand-to-hand combats. The sowars, the bodyguard of the rani, defended their stables, firing matchlocks and pistols from the windows and loop-holes, and cutting their tulwars(swords) from behind the doors. When driven in they retreated behind their horses, still firing, or fighting with their swords in both hands, till they were shot or bayoneted, struggling even when dying on the ground to strike again. A party of them remained in a room off the stables, which were on fire, till they were half burned; their clothes on flames, they rushed out, hacking at their assailants, and guarding their heads with their shields.

Such frantic deeds of resistance were multiplied over the streets and buildings of Jhansi before it was taken. Five thousand Indians lay dead of siege and storm.

She galloped on her gray steed to take refuge in the Gwalior fort and in a valiant 1st stand, she rode out dressed in male attire on a shimmering hot day of the 19th of June, reins in her mouth and sabers in both hands. Wounded by gunshots and swords, she became a martyr in the cause of India's freedom. If you're looking for a historical equivalent, perhaps it was Joan of Arc, the Maid of Orleans.

The best man upon the sides of the enemy was the woman found dead—the Rani of Jhansi, exclaimed Sir Henry Rose. And defeat was accompanied by the loss of this brave leader. Yet perhaps such heroes never die. They are not born for defeat. They join the immortals and never really perish in the hearts of their people.

This is where she leaped exclaims the old wizened guide, as if it were just yesterday. And the stones of Jhansi sing saga of bravery. Some folk are like that and they give us our todays by giving their tomorrows.

Ah! Sunlight on a broken column! The sunlight on a broken column! The swirl of Time, forgotten is the victors, only the brave live on forever.

Past the flat below the fort, some 15 kilometer away towards the south lies Orchha, shrunk to a little village, but you cannot pass it be. The Rajmahal stands squarely atop parapets and open pavilions. Within you'll encounter the wall paintings of folk art.

The stone filigree work on delicate screen would allow the breezes to enter but subdue the harsh glare of the Indian summer.

Jehangir Mahal came up between 1605 and 1626 under the watchful care of Raja Bir Singh Deo, the one who built the Govind Mandir in Datia. He gifted it to Jehangir, who never really lived here but was uses as a watering hole by his generals as they launched successive forays to the south. The 17th century fort was built as if by a French designer on an island on the betva river. Sadly it lies in neglect and awaits its turn with patience and dignity.

A hundred kilometer from Jhansi is Devgarh and from here some 12 kilometers away to the east is the famous Dasavatara Temple, reputedly 1500 years old, a classic of the Gupta art with its tapering tower atop four portals perched above stone steps. Or you could go west from Jhansi to

Shivpuri, the summer retreat of the kings of Gwalior, just fifty kilometer west. The silver sheen of its lake will wash away all tedium. Truly, an enchanted place where nature always triumphs over the machinations of man.

Rock-strewn Datia, just 26 kilometers from Jhansi looks like the bowling alley of the Gods where huge boulders lie scattered long after the Great Game is over. The height of glory was reached under the Bundela Rajput kings. Raja Bir Singh Deo whose seven-storeyed, palace, Govind Mandir is a marvel. Which other place can boast of 26 gates 16 courtyards and a staggering 440 rooms!

Next time you have a few days go to this holy grail of our heritage. Drink off its sacred waters and be whole again.

(b) Around Jhansi

- i) **Baruasagar:** 24 km from Jhansi, on the route to Khajuraho, Baruasagar is the historic spot. Barua Sagar is situated on the banks of the Betwa river. The place is named after the Barua Sagar Tal, a large lake created about 260 years ago when Raja Udit Singh of Orchha built the embankment. Here, atop a hill, is another of the historic forts of Bundelkhand. This is where the Marathas fought the Bundelas in 1744. the view from the fort is magnificent, as it overlooks the vast resource created by the dam across the Betwa. The Archaeological Survey of India is currently restoring the sandstone fort, partially in ruins.

Barua Sagar is also known for a beautiful temple, the Jarai-ka-Math. Built during the reign of the Pratiharas, it is a repercussion to the vigorous temple-building activity which became a characteristic feature of the Chandellas. The temple is dedicated to Devi (Amba or Durga) whose multifarious forms are represented in the profusely carved sculptures along the temple walls. The temple stands on elevated ground dominating its surroundings. The main image of the deity is missing from the sanctum sanctorum. Only the pedestal, and the jeweled right foot of a female

placed on a lotus stalk, remains. This detail is traditionally associated with the goddess Tara or Mateswari. The placement of a miniature, sixteen-armed image of a goddess on the central lintel of the entrance further supports the conjecture that the temple is dedicated to a goddess. Erotic sculptures, akin to those at Khajuraho, also grace the Jarai-ka-Math.

Dated to approximately 860 AD, this red sandstone temple is a pancharata shrine of the Panchayatan type, in which the main temple is surrounded by four subsidiary shrines at the four corners. Declared a protected monument by the Archaeological Survey of India in 1928, the temple is an excellent example of early Pratihara architecture. Barua Sagar is pleasant place, and its vast water body greatly enhances its appeal.

GENERAL INFORMATION

<i>Area</i>	:	4.64sq. km.
<i>Population</i>	:	18,783 (1991 census)
<i>Altitude</i>	:	210 mtrs. Above sea level
<i>Season</i>	:	September-March
<i>Clothing (summer)</i>	:	Light Cottons
<i>(winter)</i>	:	Woollens
<i>Language</i>	:	Hindi, Bundeli
<i>STD Code</i>	:	0519-83

ACCESSIBILITY

AIR

The nearest airports are Gwalior and Khajuraho.

RAIL

Barua Sagar lies on the Jhansi-Varanasi route. Some trains connecting Barua Sagar are 1107/1108 Bundelkhand Exp; Jhansi-Manikpur passenger train; 1450/1449 Mahakaushal Exp.

ROAD

Barua Sagar lies 24 km from Jhansi en route to Mauranipur-Khajuraho.

NEAREST UP TOURISM ACCOMMODATION Hotel Veerangana (UPSTDC) , near Circuit House, Jhansi. Ph: 0517-2442402

ii) Parichha:

Parichha Dam, built, River Betwa, is about 25 km from Jhansi on the Jhansi-Kanpur National Highway No. 25. Its reservoir - a placid stretch of water that runs to Notghat Bridge, 34 km away, is ideal for water sports. The whole area is rich in scenic beauty, surrounded as it is with farmland and unbroken stretches of woods. Water sports are stretches of woods. Water sports are a popular feature during the week- long celebration of the Jhansi Festival held in February-March every year. Parichha with its large water body and idyllic surroundings holds the on the promise of an unforgettable not only for adventure seekers and but also for picnickers.

iii) Todi-Fatehpur:

The fort covering an area of 5 acres, is built on a hillock and area of 5 acres, is built on a hillock and walls. It is divided into 4 main parts - the oldest and the uppermost being Husain Mahal, the next being A 'gammas', the third, Rajgarh Palace and the fourth the Rangmahal Palace, which is a splendid four storied building embellished with paintings on the walls and ceilings.

iv) Samthar:

Samthar lies at a distance of 66 km from Jhansi and 13 km from Moth. Formerly called Samshergarh it is now known as Seminar. It was an independent principality under the great Gujar warriors of the Keith and Keith centuries. Chandrabhan Bar Gujar and his grandson Madan Singh governors of the state of Dallas are credited with the creation of the independent state of Samthar.

v) Sonagiri (M.P.):

Sonagiri is located 45 km from Jhansi, this sacred Jain hill lies 3 km to the Datia. There are 77 Jain temples, built along the hill and its slopes, which date back to the eighth century. Of these, the temple dedicated to

Chatranatha, the tenth of the 24 temples, Tirthankaras, is the most beautiful.

vi) Shivpuri (M.P.):

101 km from Jhansi. It is located on the main Delhi – Bombay highway, south of Gwalior. Shivpuri, the summer capital of the Scindia rulers of Gwalior Shivpuri's dense forests were once used by the Mughal emperors as their hunting grounds and even today, it is famous for its reserved forests, wild animals and natural surroundings. Among the places of interest is the Madhav National Park - a wildlife sanctuary with the Sakhya Sagar Lake within it. The two royal residences the Madhav Was Palace, the amusing, turreted, stone hunting lodge - the George Castle built by Jiyaji Rao Scindia are worth The Bhadaiya Bound, a pretty spot noted for its mineral springs is popular picnic spot.

vii) MAHOBHA

Mahoba is believed to have existed from times immemorial to have borne different names (Kekpur or Patanpur) at different times. Present name, Mahoba, is said to derived from the great celebration or Mahotsava, performed by it's deputed founder, the Chandel King Chandravardhan, about 800 A.D. From such evidence as is available it would appear that the Civil Capital of the Chandels was removed here from Khajuraho about 900 A.D. for the earliest Chandel Sovereign locally commemorated is Rahila, the 5th of dynasty where lake Rahila Sagar, with a fine granite Temple dedicated to Sun God on its bank lies about 3 km to the South-West of Mahoba. Kirtivarman and Madanvarman, the two most illustrious members of Chandel Dynasty are rememberd at Mahoba form the two fine lakes, Kirti Sagar and Madan Sagar.

Parmala was the last prominent ruler of the Chandel dynasty. About 1182 A.D Prithviraj Chauhan attacked Mahoba where a fierce battle was fought with Alha and Udal , The Banaphar generals of Parmala. In this campaign both sides suffered serious loses, Udal being killed and Alha wounded.

Prithviraj Chauhan, Who was ultimately successful, celebrated his victory by sacking Mahoba.

After the downfall of Chandels the place shown its glory ceased to be much importance, though it was the head quarter of a mahal in Mughal times.

Places to Visit in Mahoba

The extent of the place in the days of its glory doubtless greater than is covered by the present town which still has a number of historical, Archaeological, Religious and scenic spots of interest. The most noticeable feature of the town is the lakes (Sagar) surroundings granite rocks, forts and palaces. Its main spectacular places are :

1. Lakes –

Disrapur Sagar, Rahila Sagar, Vijay Sagar, Kirti Sagar, Madan Sagar, Kalyan Sagar and all of which are formed by means of massive embankments thrown across shallow valleys.

2. Shiv Tandav.–

A rare statue of black granite stone in the dancing pose of Lord Shiva surrounded by milky fountain through Gorakh Hills.

3. Jain Tirthankar –

A worship place of Jains sects.

4. Khakraha Math –

Sculpture of Chandels period on the Khajraho theme situated at Madan Sagar lake like an island where lifesize statues of eight Elephants standing since ancient times. A place worth visiting.

5. Chandika Devi Temple –

Single stone carved statue of ancient times religiously acknowledged place.

6. Sun Temple –

This Sun Temple is also has beautiful sculptures like sun temple of Konark in Orissa.

7. Gokhar Hills –

A landscape panoramic range of granite hills. "Sita ki Rasoi" is also situated here with bright and dark tunnels locally known as "Andheri and Ujali Gufa".

8. Betel wine Farming –

This is unique and self-styled cultivation called "Bareja". Mahoba's betel wine or Pan is famous in all over India and also exported abroad because of its fine quality and use in various medicines.

9. Alha and Udal Chowk –

Town's main Centers of Town with huge life-size statues of Alha and Udal

10. Charkhari Estate –

A symbol of Bundel Khand Siyasat Forts, Palaces and Temples surrounded by many lakes and its around 20 km from Mahoba.

11. Urmil Sagar Dam –

It is a scenic beauty place having beautiful Dam on Urmil river. It is also having irrigation Dept guesthouse where accommodation is available.

12. Belatal -

It has many lakes in surroundings and best suited for water sports and this is also a main centre for Betelwine Farming, Fish and water fruits and vegetables.

When To Visit

The best season to visit Mahoba is during October to March. If you want to enjoy "Kajli Festival", you can visit during August.

How To Reach

Mahoba is directly connecting by rail to major metropolitan cities of Mumbai, Calcutta and Delhi. Nearest Airport is Khajuraho and it is 55 kms from Mahoba. Daily flight from Delhi, Agra, Kathmandu and Varanasi.

Road Access To Mahoba

Mahoba is directly linked by road from various centres of UP & MP. UP, MP Roadways and Private Buses are available from Lucknow, Kanpur. It is 60 Km from Khajuraho, 156 km From Chitrakoot, 156 km from Kanpur, 160 km from Jhansi, 232 km from Allahabad and 240 km from Lucknow.

Where To Stay

UP Tourism Deptt. Guesthouse is most comfortable place to stay and other places are Paras Hotel and Shivam Hotel.

vii) ORCHHA

26 KM (VIA Notghat). Orchha was founded in 1531 and remained a Rajput capital till 1783. it's golden age was during the first half of the 17th century. Situated on the River Bitwa, Orchha has numerous well preserved places. These include the Jehangir Mahal and the Raj Mahal. Orchha's fine temples are still in worship, and devotees throng the Ram Raja temple, the Chaturbhuja temple and the Laxmi Narayan Temple.

viii) KHAJURAHOO

The fascinating temples of Khajuraho, India's unique gift of love to the world, in the state of Madhya Pradesh, were built between 950 and 1050 A.D. Khajuraho derives its name from the Khajur tree (the date palm tree) which can be found in abundance in the area. The divine sculptures in these temples are a tribute to Life itself, embodying everything that is sublime and spontaneous about it. The murals depict the life and times of the Chandelas, and celebrate the erotic state of being. They not only testify to the mastery of the craftsman, but also to the extraordinary breadth of vision of the Chandela Rajputs under whose reign, these temples were constructed. With the wane of the Chandela empire, these magnificent temples lay neglected, and vulnerable to the ravages of Nature. It was only in this century, that they were rediscovered, restored

and granted the recognition that they justly deserve. Originally there were 85 temples, of which only 22 still exist. Their style of architecture was also rather peculiar to their times. Each structure stands on a high masonry platform with a distinct upward direction to their build, further enhanced by several vertical projections to simulate the effect of an overall lightness. The three main compartments are the entrance (ardhamandapa), assembly hall (mandapa), and the actual sanctum (garbha griha). The temples are grouped into three geographical divisions: western, eastern and southern.

Western Group: Kandariya Mahadeo: This is the largest, and most typical Khajuraho temple. Dedicated to Lord Shiva, it soars 31 m high. The sanctum enshrines a lingam, while the main shrine is ornately carved and depicts various gods, goddesses, apsaras (heavenly maidens) in elaborate detail. The entrance arch, the massive pillars and ceilings are adorned with exquisite carvings, that leave the visitor spellbound. Chaunsat Yogini: The oldest surviving temple in the group (900 A.D.), this is the sole granite temple dedicated to Goddess Kali. Another Kali temple, which was originally dedicated to Lord Vishnu, is the Devi Jagdambe temple. Chitragupta Temple: Dedicated to the sun-god, Surya, this temple faces eastwards to the rising sun. The inner sanctum boasts of an impressive image of the presiding deity - the majestic sun-god looming 5 feet high, and driving a chariot. The other group scenes depict royal processions, group dances and other scenes of sheer luxury, typical of the Chandela court-life. Vishwanath Temple: The temple enshrines a three-headed image of Lord Brahma. Lions guard the northern entrance to the structure, while elephants flank the southern flight of steps that lead up to it. A Nandi bull faces the shrine. Lakshamana Temple: The lintel over the entrance of this temple dedicated to Lord Vishnu, shows the holy trinity of Brahma, Vishnu and Shiva with Goddess Lakshmi, Vishnu's consort. The sanctum is adorned with a three-headed idol of Vishnu's incarnations, Narasimha and Varaha. The latter, the boar incarnation also appears as a nine-feet high statue at the Varaha Temple. Matangeshwara Temple: This temple, which happens to be outside the

precincts of the western group, is dedicated to Lord Shiva. It boasts of an eight feet high lingam.

Eastern Group: Parsavanatha Temple: The largest in the group of three Jain temples, the Parsavanath image in this temple, was installed in 1860. The sculptures on the northern wall depict everyday activity, in awesome detail. Within the temple, a throne faces the bull emblem of first tirthankara, Adinath. Ghantai Temple: This Jain temple has a frieze depicting the 16 dreams of Mahavira's mother, and a Jain goddess perched on a winged Garuda. Adinatha Temple: The last of the Jain temples, is dedicated to the Jain saint, Adinatha, and is gorgeously adorned with sculptures of yakshis among others. The three Hindu temples in this group are the Brahma temple, which has a four-faced lingam, The Vamana temple which is embellished with images of ravishing apsaras at their alluring best; and finally the Javari temple, with its ornate gateway and lavish carvings.

Southern Group: Duladeo Temple: Dedicated to Lord Shiva, the highlights of this temple are the sensuous images of the apsaras, and other exquisite sculptures. Chaturbhuj Temple: This temple sports a huge, elaborately carved image of Vishnu in the sanctum.

CHAPTER II

Research Design

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CHAPTER -II

1. RESEARCH DESIGN:

This research work is basically exploratory in nature. The aim of this research work is to collect detail information about various variables that require consideration to formulate financing for developing the tourism potential or promotion of Bundelkhand region.

2. Hyothesis

Based on primary and secondary data available on financial institutions related to tourism industry shows that there is full satisfaction of tourist and the tourism industry is going well. In the hyothesis it is observed that there is not proper level of satisfaction of the tourist as well as supply side of the tourism. In the study it will be analyzed that what is the growth potential of tourism financial institutions or UPFC and their strengths and weaknesses along with the problems they are facing in today's scenario. The outcome of this study shall play the pivotal role in the future development and shall alert the planners and decisions makers to stop wrong practices. The economic upliftment of the tourist's zone, as would be evident from the findings of the present work is expected to increase the rate tourism investment multiplier and employment in tourism related industry.

3. RESEARCH METHODOLOGY - Collection & Tabulation of Data, Period of Enquiry, Statistical tools applied for, analysis and interpretation.

4. MODUS OPERANDI

The finding of this research would be interpreted by analysis and interpreting (tile) data collected on diverse perspectives of the study based on the outcome of the following steps, studies and techniques:

The study will be based on primary and secondary data collected from various official and (non- of) sources. The data thus collected will be analyzed with the help of suitable statistical tools. To substantiate the

analysis, existing literature on the subject will be used. Observations, informal interviews and questionnaires will be used to draw to certain conclusions, which will require future verification.

view or the diverse or the nature or the universe, convenient sampling method is initially planned but possibility of using one of the probability sampling method would also be explored. Pilot test shall be conducted (50 guests) to get valid information for the questionnaire design, wording and measurement scales. It will be our endeavor to propose a balanced development planning formula for timely development of tourism and planning both.

(a) Sample Design

To cover every factorial dimension of the study, it has been necessary to design the sample frame fool proof. Therefore, the following sample design was adopted for the purpose.

(b) Selection of Units:

To analyze the different types of loans and other financial and non-financial assistance to tourism industry sector directly be UPFC, Banks, PICUP and different financial institutions.

There were 75 hotels in region during the year 2000 -01 out of which 25 hotels were selected for the purpose of Survey keeping in view that are of different sized involving different amount of capital and providing different type of services/accommodation and facilities to the tourists.

Collection and Tabulation of Data:

In the present study, both primary and secondary data were used frequently. Published data were collected from different magazines, newspapers, reports of banks, U.P.F.C. annual reports, annual reports of tourism department and various information's were collected from the record of different offices of Bundelkhand region. An intensive survey was conducted through personal interview. The care was taken to ensure that no prejudice suppression of the facts would occur at the time of personal interviews. It was assured to all the units that no information, financial

records and other secrets would be leaked out at any stage except the interpretation given in the proposed study. For this purpose three questionnaires were prepared i.e. one for the tourism department, second for different financial institutions like, UPPC, Bank PICCP and third one for the hoteliers. The above questionnaires were pre-tested and necessary adjustments were made in the light of experience gained during the pretesting period. Generally most of the units selected in sample were interviewed twice for the collection of data and other required information.

(c) Tabulation of Data

The data collected from UPFC, Office Bank, Tourism Department, Statistical Office, Region Industry Center and from City Board office records were tabulated in various tables. It helped in analyzing the different types of loans and other facilities rendered to tourism industry in the said region. Such tabulation also proved helpful in establishing relationships among different types of financial facilities rendered to hotel units in the region and to prove the increasing role of U.P.F.C., Bank for the rapid growth and development of tourism industry in the study area during last decade. Likewise, analysis of the data and the information collected on sick units and their rehabilitation efforts made by U.P.F.C. and banks remained successful in giving the crystal cut picture of the degree of success of U.P.F.C. and banks in this direction. Further, the information collected on the assistance being rendered under the agency of U.P.F.C. and banks institution were analyzed in the way, so that the degree of their utility, might be brought out without any window-dressing and the superfluous presentation.

Finally, it can be said that the form of tabulation and analysis of the data and information, available for the purpose, thus adopted, helped in interoperation of the facts in a judicious manner.

Period of Enquiry: The present study has been divided into two parts i.e. Macro level and Micro level study. At the macro level, it intends to analyze the data related to tourist influx, income and employment generated, pattern and growth of hotel units in the region. The period under study is

from 2001-02 to 2002-03. At the micro level, data relating to business organization of hotel units, financial arrangement and assistance provided by different institutions, aids and incentives provided by State Government for the promotion of tourism and development of hotel industry, have mainly been analyzed. The period covered by this study is the same as that the macro analysis.

Moreover, for the purpose of macro level study the year was considered as financial year i.e. from April to March as all the published data and information are available accordingly. But the data and information collected from the interviewing units have no similarity in their accounting periods. Some of the units were found keeping their accounts according to calendar year.

Some were closing their books according to different festivals and others were maintaining their books according to financial year. However, the investigator assumed their accounting period from April to March for the purpose to keep the similarity in the study period of both Macro and Micro level studies. Such an assumption of span of year would hardly affect the results of the Study.

(d) STATISTICAL TOOLS APPLIED FOR ANALYSIS AND INTERPRETAION

The following statistical tools were applied for the purpose of analyzing the data collected.

Index Number

Index number is statistical tools designed to measure the relative changes in a variable on a groups of related variable with respect to a fixed time. Following is the formula of fixed base index number.

$$R = P1 \times 100 / P0$$

Where,

R = represents price relative

P1= Represents price of current year

P0 = Represents price of the base year

Chain Base Index Number

To measure the change in variable in comparison with preceding year, chain base index number was used and for this purpose the following formula was applied:

$$R = PI \times 100/Px$$

where,

R = represent price relatives

PI = Represent price of current year

Px = Represent of previous year

Trend Values

For this purpose we fit a straight line

$y = a + bx$ to a set of 'n' points

$(x_1, y_1), (x_2, y_2), \dots, (x_n, y_n)$

Where

'a' and 'b' are arbitrary which may be obtained by the help of the following normal equation:

$$\sum y = na + b \sum x$$

$$\sum xy = a \sum x + b \sum x^2$$

On solving these equations, we can find the values of 'a' and 'b' and if we put these values in the equation $y = (a + bx)$, we can obtain the required trend values.

Coefficient of Correlation

Coefficient of Correlation measures, the extent or degree of correlation between two variables. The following formula was used for the calculation of coefficient of correlation -

$$r = \frac{\sum (dx \cdot dy)}{\sqrt{\sum dx^2 \sum dy^2}}$$

r =

$$r = \frac{\sum dx \cdot dy}{\sqrt{\sum dx^2 \sum dy^2}}$$

n

where,

r = coefficient of correlation between two variables x and y

n = number of pairs of observation of x and y

dx = deviation of the x series from assumed mean

dy = deviation of the y series from assumed mean

dx² = the square of deviation of x series

dy² = the squares of deviation of y series

dx dy = the product of corresponding deviation of x and y series from their assumed means

∑ = summation of values.

In addition to the above simple arithmetic averages percentages and proportions and proportion and average annual growth rate are also used in accordance with the requirement of the subject matter and nature of inferences to be drawn. The following models were used for:

Simple average:

$$x = \frac{x_1 + x_2 + \dots + x_n}{n}$$

Percentage and proportions:

$$= \frac{X \times 100}{Y}$$

Average annual growth rate

$$= \frac{AGK [\text{Antilog} (1 - (\log p_n - \log p_o))] - 1}{n}$$

5. SURVEY OF EXISTING LITERATURE

The studies and researches carried out by eminent scholars and the reports of various Commissions and Enquiry Committees appointed by the Government from time to time on the subject, have revealed some

interesting points and some times even disquieting observations on this industry.

Similarly the findings of different commissions and enquiry committees also have been unpleasant and the brief account of the same is given below. It would be of interest and value to us to recapitulate some of these important points.

Dr. M. Selvam, pointed out, "tourism industry requires huge investment with no guarantee of immediate return due to long gestation period and uncertainty. As such private sector investment had not been forthcoming in a large measure initially. The investment made by the private sector, resulted in upside development of the industry. The private sector could not be accused for this. Actually private investments attractions, transport, etc developed by the Government,"

Vijaya kumari wrote in her article that, "infrastructure build up will be an activity demanding great coordination informality and enthusiasm cutting across bureaucratic and forest and fisheries wings, railways and road transport bodies will all the right spirit and to the full extent."

Surendra paul, Chairman Apeejay - Surendra group speaks- "in my opinion tourism even now has not been taken seriously in India, despite the fact that it is the greatest immediate distribution of wealth right from the taxiwallah to the hotels and shops. But we do not have much to show we don't have enough shops and products for them. One of the differentials is that tourists in India have fewer avenues to spend money we will have to do something about that."

H. Barre is of the view, "tourism in developing countries, however, raises certain problems relating to investment and profitability. Hotel and tourism investment in these countries are extremely heavy both infrastructure and super structure. An intensive tourism development policy, therefore, needs considerable capital investments. But the scarcity of capital is precisely one of the principal characteristics of these countries. Hence it become necessary to work out a precise and balanced system of planning."

"Dr. Jag Mohan Negi writes in his book, 'Hotel for tourism development' 'the most serious problem of hotel industry is that is not only capital, intensive but is also locked up in fixed assets such as land, building. Most of the hotels are built in the heart of town where land is more expensive and costly which consumes a large portion of the Capital is also spent on hotel building. This causes a financial problem which is not encountered by any other industry."

K.K. Upadhyaya, wrote that, "in order to give an additional stimulus to industries in less developed areas like east U.P. Bundelkhand and Uttrakhand it seemed desirable that these areas should be allowed at cheaper rates as compared to more industrialized areas like Kanpur and Meerut."

Reviewing the contribution made by different financial institutions in providing finance to the small-scale industries in India, the second international perspective planning team had observed, the second plan period witnessed the beginning of a positive and definite process of institutionalizing finance to the small scale sector.

The central small scale industries organization, state governments, and the Reserve Bank have taken active interest in extending institutional and government credit to small scale sector through various measures - direct and indirect, statutory or otherwise.

A foundation was laid with the establishment of specialized institution like the State Financial Corporations and the National small Industries Corporation (NSIC) with its programmes for industrial estates. Extended credit on liberalised terms was offered by the State. While commercial banks as a whole lagged behind in this process, the State Bank of India under its liberalised Scheme made some significant progress.

Mr. M.M. Anand and V.K. Bhalla wrote in their article- "Hotel industry cost controls are looking in India tourism has been given a predominant position and its importance had led to its being accorded high priority. Accordingly, the government of India has provided various incentives for building hotels. Today this activity is recognized as an industry and is eligible for financial assistance and incentives available to other industries."

I.D.B.I. Annual Report, 1992-93 states as, among the SFCS, Uttar Pradesh Financial Corporation accounted for the SFCS, Uttar Pradesh Financial Corporation accounted for the highest share of 14.9% in the total assistance sanctioned by all SFCs in 1992-93, followed by those in Andhra (10.7%), Karnataka (80.2%), Tamil Nadu (9.2%), Gujrat (7.4%) and Maharashtra (7.0%). In the cumulative assistance sanctioned by all SFCs upto end March, 1993, the share of the SFCs in Gujrat at 11.8% was the highest followed by those in Maharashtra (11.5%), Andhra Pradesh (10.4%), Tamil Nadu (9.9%) and Uttar Prasesh (9.8%).

Mr. R.N. Koul, an adviser on tourism opined that, "It is realized that the hotel industry is a capital intensive one and has a long gestation period i.e. from the time to arrive at the basic concept of a hotel and then to the time it establishes its custom. It may take anything up to three years build up customs. Finance is getting more difficult to secure, particularly where a large amount of capital is required and low return is expected. Interest rates are high and remain so, the very process of financing is getting more and more complicated with many agency involved and more expensive."

The Commerce Weekly writes in Corporate Profile - private sector," is one heartening features for the hotel industry is that the Government has announced a major concession in the form of a 20 percent rebate on interest on loans from financial institutions to five star and other approved hotels whose foreign exchange earnings. An Indian hotel falls within the requirement laid, it will benefit by a reduction in its interest burden."

7. Limitations

There are certain limitations in every work. In the present study there are also some limitations, which are:

1. Study is mainly based on the secondary data.
2. Some of the conclusions are based on the observations, informal interactions with the financial institutions, assumptions and estimates.
3. Sample size remained very small.
4. Time constraint is also limitations for the study

CHAPTER III

Economy of Bundelkhand

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Chapter – III

1. Introduction

(a) Profile of Uttar Pradesh

Uttar Pradesh is the most populous state in the country accounting for 16.4 per cent of the country's population. It is also the fourth largest state in geographical area covering 9.0 per cent of the country's geographical area, encompassing 2,94,411 square kilometers and comprising of 83 regions, 901 development blocks and 112,804 inhabited villages. The density of population in the state is 473 people per square kilometers as against 274 for the country.

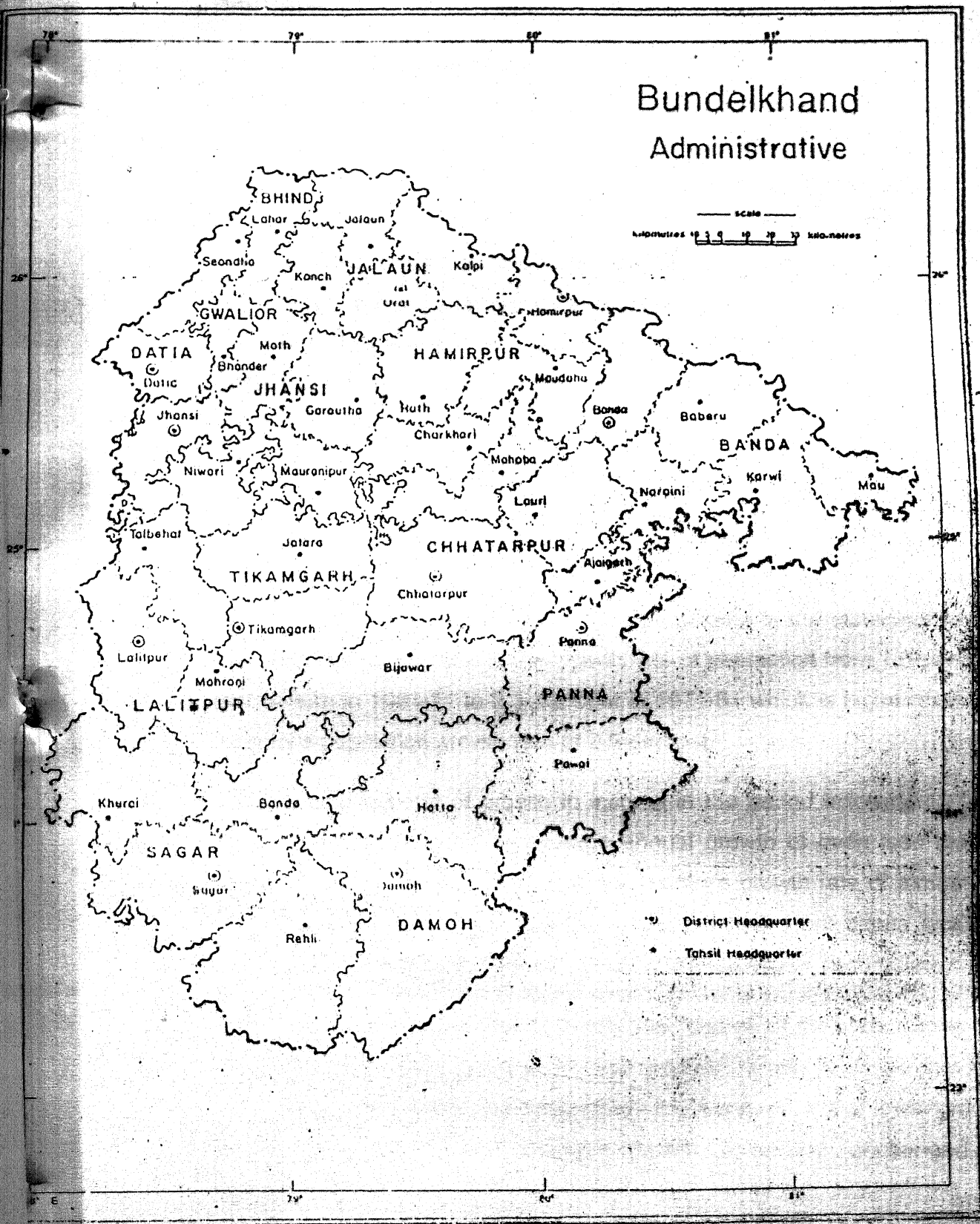
Population

The total population of the state was 8.8 crores in 1971. It increased to 11.1 crores in 1981 and then reported to be 13.9 crores in 1991. The increase, in population in these two decades was almost identical at 25 per cent. As against this, the national population shows a declining trend from 25 per cent in 1971-81 to 23.8 percent in 1981-91. Since 1971-81 the decadal variation of U.P. population in percentage forms has remained higher than that of the national.

Urbanisation

The pace of urbanisation has been lower in the state. The level of urbanisation has also been lower than most other states. The numbers of urban centres with more than one lakh population have grown slowly over last thirty years. The growth of urban centres with population less than five thousand have, on the other hand, have grown more significantly and these centres have grown in larger numbers in the western part of the state.

Bundelkhand Administrative



Map 1

Economy

The per capita income of the state at Rs. 4787 in 1993-94 is one of the lowest in the country except Orissa (Rs. 4726) and Bihar (Rs. 3620). The per capita of the state in 1950-51 at Rs. 259 was very close to the national per capita income of Rs. 267, short by only Rs. 8 i.e. 3 per cent only. In 1995-96 this shortfall stood at Rs. 35.8 and is likely to go up. The average annual growth in total income of the state in the period between 1951-74 was always far less than the country. However, the population growth in the state being lower in the country during the period, the gap in the per capita income between the state and the country was constructed to some extent.

The post-1974 period was, however, marked by a significant improvement in the total income of the state. The state achieved a growth of 5-7 per cent per annum, which is higher than the national growth of 5.3 per cent. But this gain in higher growth rate of total income in the state was lost to the state due to increase in the growth rate of population from 1.8 per cent per annum in 1961-71 to 2.3 per cent in 1971-81 which is higher than the country's population growth rate of 2.2 percent.

The increasing trend of growth in income in the period following 1974 is likely to be replaced by an average annual growth of even less than 3 percent, which is much lower, than the country's growth rate of almost six per cent. This means that the shortfall in the states per capita income, which was 35 percent in 1994-95, is unlikely to change in recent time.

Thus the lower rates of growth in the total income of the state during the period 1951-74 were followed by high population growth in the last two decades. But the state is now faced with the reappearance of lower growth of income while the population growth remaining unchanged in foreseeable future.

The structure of state income shows that the contribution of primary sector has declined to 41 percent of the state income though the sector still sustain 73 percent of the total working force. This shows the continued

pressure of working population in the primary sector. The share of secondary sector, on the other hand, has gone up to 20 percent of the total state income, which now employ 9 percent of the total workers in the state. This percentage is the lowest among all the major Indian states except Bihar (4.6 percent in 1991 census), Madhya Pradesh (8.4 percent in 1991) and Orissa (7.5 percent in 1991). The share of tertiary sector has been more impressive from 25 percent in 1970-71 to 37 percent in 1994-95 and the percentage share of workers employed by this sector has risen from 15 percent to 18 percent in 1991. It thus shows that the U.P.'s growth has been more capital intensive than labour intensive, more urban based than rural based and the shift income from primary to other sectors is not accompanied by corresponding change in employment pattern.

Distinguishing feature of Uttar Pradesh's economy is its regional imbalances. In terms of economic indicators like agricultural productivity, infrastructural facilities, industrial growth, the Uttar Pradesh's economy can be categorized into five regions; Western, Eastern, Central, Rohelkhand and Hill. The Western Uttar Pradesh is agriculturally prosperous. It is relatively industrialized and has seen greater degree of urbanization. At the other end is Bundelkhand. Low agricultural growth, less number of industrial units, lesser gross values of industrial products mark this region as the least developed in the state.

Poverty

Poverty estimation in India is based on (a) the concept of poverty line which is the prescribed minimum calorie intake necessary for a normal human being to survive and (b) size and distribution of population by expenditure obtained from the household consumption surveys conducted by national sample survey. Evidently, the incidence of poverty in the state has fallen from about 57 percent in 1973-74 to 42 percent in 1987-88. The fall in the incidence of poverty is slightly more in the rural areas. However, the numbers of population below the poverty line has increased by 31 lakh between 1977-78 and 1987-88. This increase is more in the urban area than in the rural area i.e. there has been urbanization in the root of poverty

pressure of working population in the primary sector. The share of secondary sector, on the other hand, has gone up to 20 percent of the total state income, which now employ 9 percent of the total workers in the state. This percentage is the lowest among all the major Indian states except Bihar (4.6 percent in 1991 census), Madhya Pradesh (8.4 percent in 1991) and Orissa (7.5 percent in 1991). The share of tertiary sector has been more impressive from 25 percent in 1970-71 to 37 percent in 1994-95 and the percentage share of workers employed by this sector has risen from 15 percent to 18 percent in 1991. It thus shows that the U.P.'s growth has been more capital intensive than labour intensive, more urban based than rural based and the shift income from primary to other sectors is not accompanied by corresponding change in employment pattern.

Distinguishing feature of Uttar Pradesh's economy is its regional imbalances. In terms of economic indicators like agricultural productivity, infrastructural facilities, industrial growth, the Uttar Pradesh's economy can be categorized into five regions; Western, Eastern, Central, Rohelkhand and Hill. The Western Uttar Pradesh is agriculturally prosperous. It is relatively industrialized and has seen greater degree of urbanization. At the other end is Bundelkhand. Low agricultural growth, less number of industrial units, lesser gross values of industrial products mark out this region as the least developed in the state.

Poverty

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in Uttar Pradesh during the last two decades. Further, there has been increase in the intensity of poverty in the state over all these years.

Social Indicators of Uttar Pradesh

Almost all social indicators of the state show that the state stands on 13th or 14th position among the sixteen major States. Bihar and in some cases Orissa, are the only two states which lag behind U.P. in terms of social development indicators like medical facilities, teacher-pupil ratio in primary schools, birth rate, death rate, infant mortality rate, literacy, per capita income, electrification of villages, per capita power consumption etc. Uttar Pradesh is often seen as a case study of development in a region of India that currently lag behind other parts of the country in terms of a number of important aspects of well being and social progress. Their region consists of Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh. There are important differences between these four states. But the cause of social backwardness in these four different States, never the less, appear to have much in common and recent comparative research have pointed to many similarities in the social, cultural and even political makeup of these states which have contributed to their backwardness.

Health

Life in Uttar Pradesh is short and uncertain. Female expects to less than 55 years and the under-five mortality rate is as high as 141 per thousands. In these respects Uttar Pradesh resembles Saharan Africa for with 53 years of life expectancy and 160 under five mortality rate. Among all major Indian states, Uttar Pradesh has the highest under five-mortality rate, the second highest crude death rate and the third lowest life expectancy figure. The number of maternal deaths per 100,000 live birth in the state estimated to be 931 in the mid 1980s. If a girl is born in Kerala she can expect to live 20 years longer than if she is born in Uttar Pradesh. The probability that she will die before the age of one is more than six times as high in Uttar Pradesh than in Kerala. According to the recent National Family Health survey, Uttar Pradesh comes second to Bihar among the major Indian states in terms of the incidence of under nutrition among

children below the age of five. This corroborate as well as explain to a large extent the lower possibility of child survival in Uttar Pradesh.

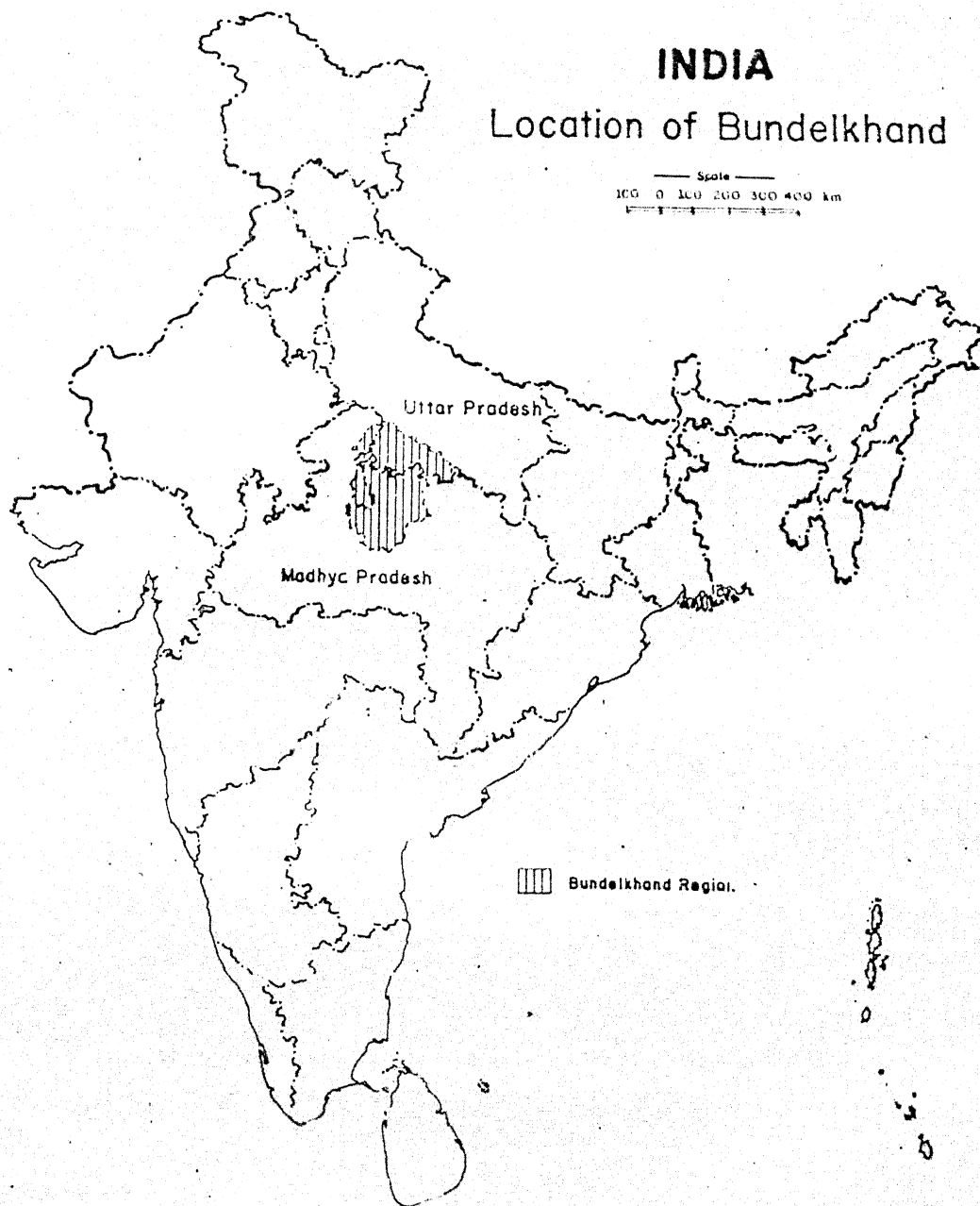
Further, the demographic transition of U.P. has been slow. Among all the major Indian states, Uttar Pradesh has the highest birth rate and the highest fertility rate.

Education

Four states identified as lagging behind other major states in terms of democratic transition turn out to be the four states with the lowest literacy level. The 1991 census indicates that the age literacy rate in these four states in the age group between 7 years and above ranges from 38 percent in Bihar to 44 percent in Madhya Pradesh.

Female literacy situation in Uttar Pradesh is dismal. Only one out of four in the 7 plus age group was able to read and write in 1991. This figure go down to 19 per cent for rural areas, 11 per cent for the scheduled castes, 8 per cent for scheduled castes in rural areas, and 8 per cent for the entire rural population in the most educationally backward regions. The 1981 census figures suggest that in Uttar Pradesh the crude female literacy rate among scheduled castes in rural Uttar Pradesh in 1981 was below 18 per cent in 18 out of Uttar Pradesh's 56 regions and below 2.5 per cent in a majority of regions.

In terms of more demanding criteria of educational attainment on the completion of primary or secondary education, in Uttar Pradesh, in 1992-93 only 50 percent of literate males and 40 per cent of literate females could complete the cycle of eight years of schooling involved in the primary and middle stages. One other distinguishing feature of Uttar Pradesh education system is the persistence of high level of illiteracy in the younger age group. Within the younger age group, the illiteracy was endemic in rural. In the late 1980s, the incidence of illiteracy in the 10-14 age group was as high as 32 percent for rural males and 61 per cent for



rural females, and more than two-thirds of all rural girls in the 12-14 age group never went to school.

The problems of education system are exacting. Due to public apathy the school are in disarray, privately run school are functional, but beyond the reach of ordinary people. The State government has taken programmes to make the population totally literate. There are special programmes like World Bank aided DPEP. Steps are being taken with the help of NGOs and other organizations to raise popular participation. At the level of higher education and technical education Uttar Pradesh has 16 general universities, 3 technical universities, one Indian Institute of Technology (Kanpur), one Indian Institute of Management (Lucknow), one Indian Institute of Information Technology and large number polytechnics, engineering institutes and industrial training institutes. This provides the State with firm basis for providing opportunities for higher education to its youth.

2. Geographical location of Bundelkhand region

Bundelkhand region comprises six regions of Uttar Pradesh viz. Jhansi, Jalaun (Orai), Hamirpur, Banda, Mahoba and Lalitpur and five regions of Madhya Pradesh viz. Datia, Tikamgarh, Chhatarpur, Panna and Sagar. The region is naturally bounded by river Yamuna in north, range of Vindhyan plateau in the south, Chambal in north west and Panna Ajaigarh ranges in the south – east. Bundelkhand plain is also known as tans – Yamuna plain and is topographically divisible into three East – west running belts i.e. southern central and northern belts. Bundelkhand has hilly areas, which is the part of the northern mid high regions of MP. The Bundelkhand region of MP is rocky and has a high percentage of barren and uncultivable land. The soil from is the mixture of black and red – yellow which is not considered very fertile. Rainfall is sparse and the agricultural production is low. Poverty level is significantly high. Though, MP is rich in forest, Bundelkhand has lost its forest cover to a large extent. So, the forest as

means of livelihood is becoming extinct day by day. Mining of minerals and stone quarrying has emerged as a major non – form activity but is based on exploitative wage labor.

Location of the regions Datia, Tikamgarh, Chattarpur, Panna and Satna together forms a half – circle in the northern – MP. Among all these regions Datia forms the northwest part while Satna is in the east. Datia is little cut – off by a trench of UP while other four are locked together.

Tikamgarh, situated towards the west to the center of plateau of Bundelkhand is surrounded by region Jhansi of UP in the north and Lalitpur (UP) in the west and south. So Tikamgarh is covered more by the parts of UP than that of MP. Towards its east, region Chattarpur is situated. People of Tikamgarh have constant and regular interaction with the cities of UP namely, Jhansi and Lalitpur for their daily affairs.

For Chattarpur, rivers Ken and Dhasan form the physical boundaries on the east and west respectively. This region is surrounded on the north by region Hamirpur (UP). On the south by Damoh, on the east by Panna and on the west by Tikamgarh. The rivers Ken and Dhasan separate the region, respectively form Panna in the east and Tikamgarh in the west.

Banda (UP) and some parts of Satna region, in its west by Chattarpur and Damoh, in its south by Jabalpur and in its east by Satna region, surround Panna, a region with a high concentration of forest, in its north.

The Bundelkhand rock massif covers about 26000 Sq. Kilometers of total area of southern hills tracts of Uttar – Pradesh. Himalayan Mountain, the rocks of Bundelkhand are very hard and compact, usually free from massive landslides and also devoid of lofty and snow peaks. It is mainly a granite terrain of more or less plateau type topography. The flat top hillocks, gentle slope and wide valley of Bundelkhand are low lying in north but occasionally angular and steep in the southern part. These hills are usually exposed in the scattered form but aligned in the NE – SW and NNN – SSW directions with very gently plunging slope with thin to thick

soil covers and vegetation. The hillocks of Granite are flat and confined in the northern part while the hills of sandstone and metamorphic are slightly angular steep slope and higher elevation and confined in the southern part.

(a) Relief –

The three main relief features of the region are : Bundelkhand plains, Vindhyan tablelands and Vindhyan hill ranges. The northern part of the region is an alluvial plain and is also known as the Trans – Yamuna plain. The southern parts of Banda and Hamirpur regions constitute gently undulating granite country with abrupt isolated flat top hills at places. In Hamirpur, the two southern most tehsils of Mahoba and Kulpahar may be described as hilly tracts. The most marked among the hill ranges is the one which runs from Nowgong (Chhatarpur) to Mahoba. These hills are sparse. The alluvial plains stretch as far as the Yamuna river.

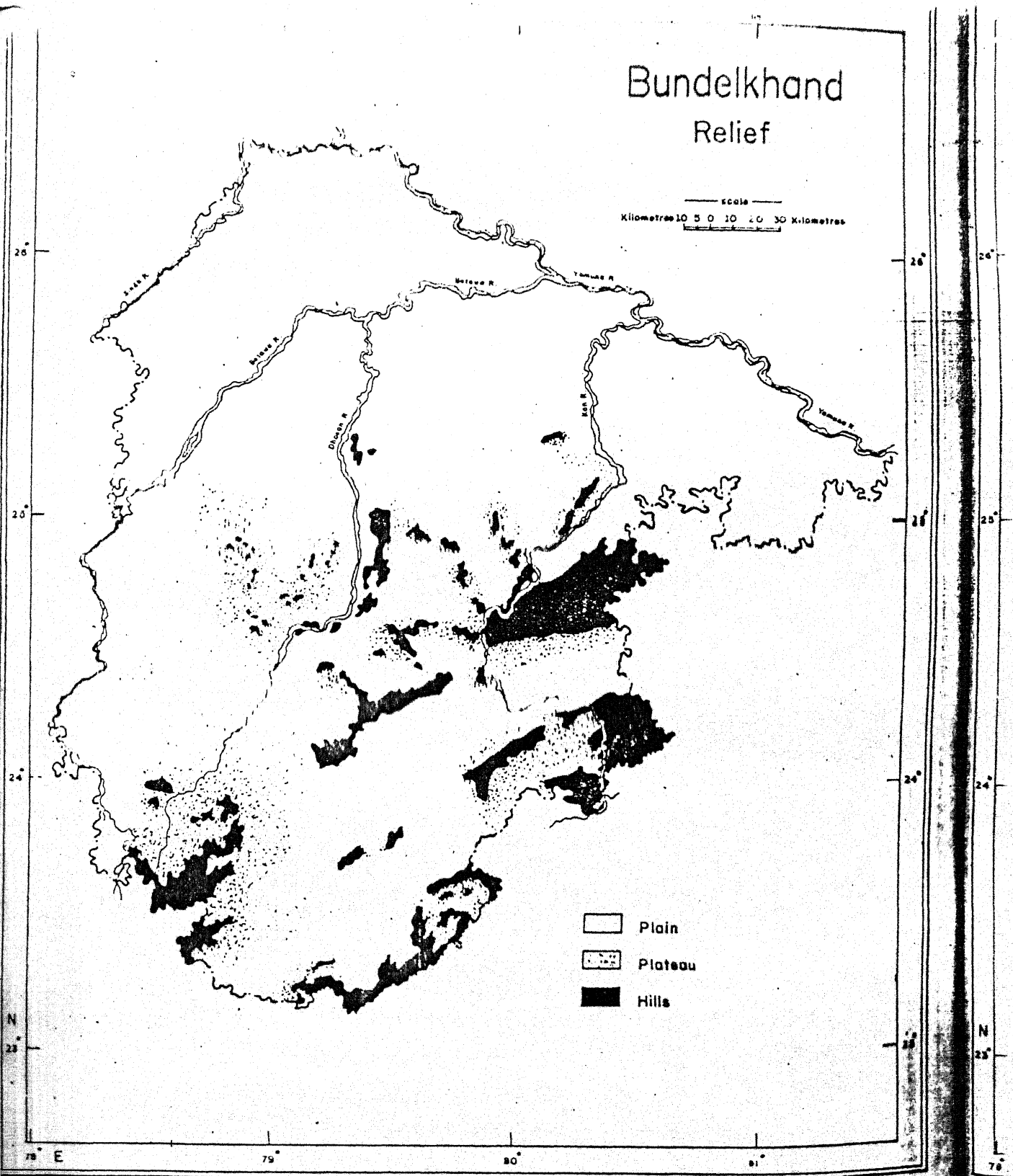
The uplands of Banda region are situated on the Vindhyan plateau in the south of Mau and Karvi tehsils. Beyond this tract towards north is the lowland of alluvium. The level plain occupy is large part of the Jalaun region with the exception of two rock outcrops near saidnagar in Orai tehsil. Thus, the region contains no hills and is covered entirely by alluvium. Another major topographical feature of these regions is the ravine tracts along the rivers particularly the Yamuna, the Betwa and the Pahuj.

The central and north – western parts include the terrains of Jhansi, Lalitpur, Tikamgarh, Chhatarpur and Datia there are numerous outcrops of granite rocks which tend to cluster into low hills, surrounded by uneven broken country. The region Jhansi may be divided into two distinct physical units:

- (1) the comparatively level, low lying and fertile tract in the north, and
- (2) the southern undulating and rocky tract comprising the southern part of Jhansi and Mauranipur tehsils.

Bundelkhand Relief

Scale
Kilometres 10 5 0 10 20 30 Kilometres



Map 4

There are three physical features in Lalitpur region;

- (1) The Vindhyan plateau comprising southern most part of Lalitpur and Mehroni tehsils.
- (2) Black soil plain consisting Lalitpur tehsil and central part of Mehroni tehsil and
- (3) The undulating pediment zone of the north which is marked by quartz reefs and rocky hills extending north – east to south – west. Bijawar series in Bijawar tehsil of Chhatarpur region is also a region feature in the central part of the region. In the north – western parts, the Gwalior series appears in the norther plart of Daita region. The narrow denuded and about 600 m high Vindhyan hill ranges may seen often in Seondha tehsil. Both these series are often reffered as Transitional system having been formed in the Post – Aravalli of Pre – Vindhyan period.

The Vindhyan table land in the south are roughly by 300 m, and 450 m contours in the region. The Bijawar – Panna plateau terminates abruptly beyond the northward – facing scarp of the Vindhyachal and the Panna ranges. The Vindhyan ranges are also prominent in the Sagar and Rehli tehsils of Sagar region. A separate range extending form south – east to north – east can be observed in the tehsils of Damoh and Pawai (Panna region). The series of Damoh tehsil is known as Bhanrer range.

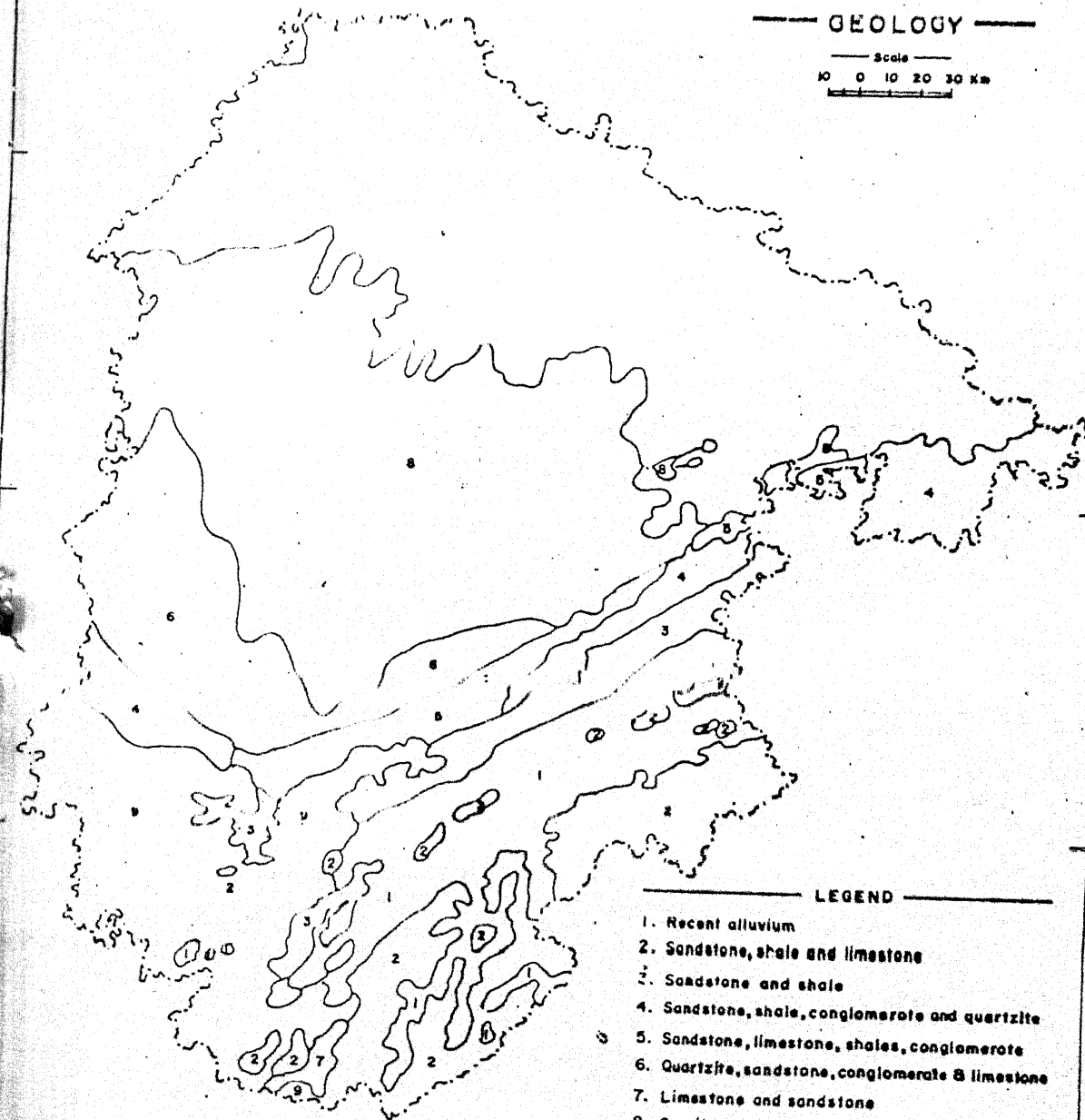
(b) Geology –

In the early days copper, iron, lead and placer gold has been mined on the small scale in this region in addition to Vindhyan sandstone Bundelkhand granite for building materials and milestone in the part of various regions of Southern UP. Geologically Bundelkhand terrain is a part of the northern fringe of the peninsular Indian shield, which contains mainly granite rocks such as peninsular Gneissic in the south, the Berach granite and Banded Gneissic Complex (BGC) of Rajasthan in the west and Singhbhum Chotanagpur Gneissic (CGC) in the east. First geological account of the Bundelkhand region was described by Medlicott (1859), which was just

Bundelkhand

GEOLOGY

Scale
10 0 10 20 30 Km



LEGEND

1. Recent alluvium
2. Sandstone, shale and limestone
3. Sandstone and shale
4. Sandstone, shale, conglomerate and quartzite
5. Sandstone, limestone, shales, conglomerate
6. Quartzite, sandstone, conglomerate & limestone
7. Limestone and sandstone
8. Granite and gneiss
9. Basalt

Map 3

after the first Indian freedom struggle movement and area under control of British rule. Subsequently the geological mapping of Mallet (1869). Their report mainly pointed the extensive occurrences of the granite – gneissic and quartz reefs of this region. As the result of this no attempt was considered to carry on the geological investigation this direction. After a long gap, the Indian geologists namely P.K. Chatterjee, R.S. Mehta, S. Krisnaswamy, M.K. Roy Chodhary, J.P. Shrivastva, R.C. Mishra, A.G. Jingran, S.M. Mathur did the survey of the area identified the significant amount of mineral deposits like rock phosphate, base metals gold and iron, silica sand in this area. Later on the same continuity in the late sixties the Indian geologists from DGM, GSI and AMD carried out the detailed geology of the area around the mineral deposits particularly in the south Lalitpur. They successfully discovered the rock phosphates, gold, copper, lead and zinc for exploration purpose and also identified ten types of granite on the basis of texture, structure and mineralogy. Perhaps Saxena (1969) was the first Indian Geologist who reported the occurrence of different types of the schist, iron formation gemetiferous bearing sillimanite gneisses as enclaves form monotonous granitoid masses of Lalitpur, Hamirpur and Mahoba. The continuous works on Bundelkhand in the last three decades by the geologist of the Directorate of Geological Mining (DGM) UP and Geological society of India (GSI) and University an acceptable geology and the stratigraphy of Bundelkhand complex can be proposed on the basis of the field relationship mineral composition is available and radiometric data.

(C) Topography and Geology

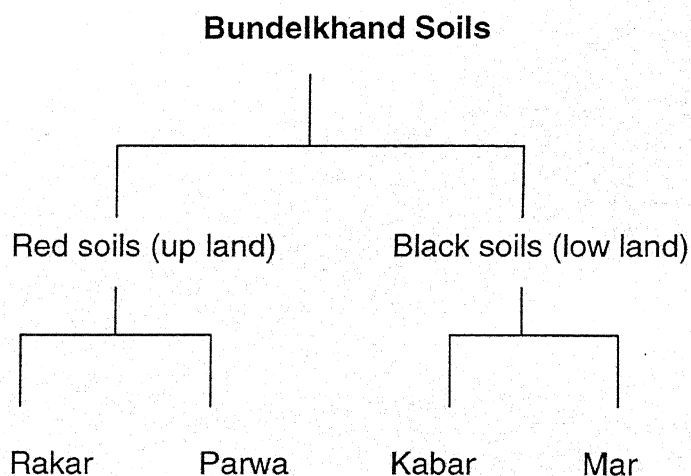
Bundelkhand is an old landmass composed of horizontal rock beds resting on a stable foundation. The landscape is rugged, featuring undulating terrain with low rocky outcrops, narrow valleys, and plains. The common rocks of the area are sand stones, limestone and shales. In the north west and north east the geological ganga and yamuna alluvium deposits in the form of embedment cover system. Bundelkhand (24'-26. 30'N and 78', 10-81' 30e) is bounded by the yamuna in the north, escarped ranges of

Vindhya plateau in the south, the Chambal in the northwest and Panna – Ajaigarh rangers in the southeast.

Surface rocks are predominantly granite of the lower pre Cambrian / Achaean period. Some Dharwarian and Vindhayan rocks present in the region contain minerals of economic value. Sandstone, shales and limestone of high quality, along with Dyhes, sills and the famous pink Archaean gneiss rocks, are also found in places.

(d) Soil

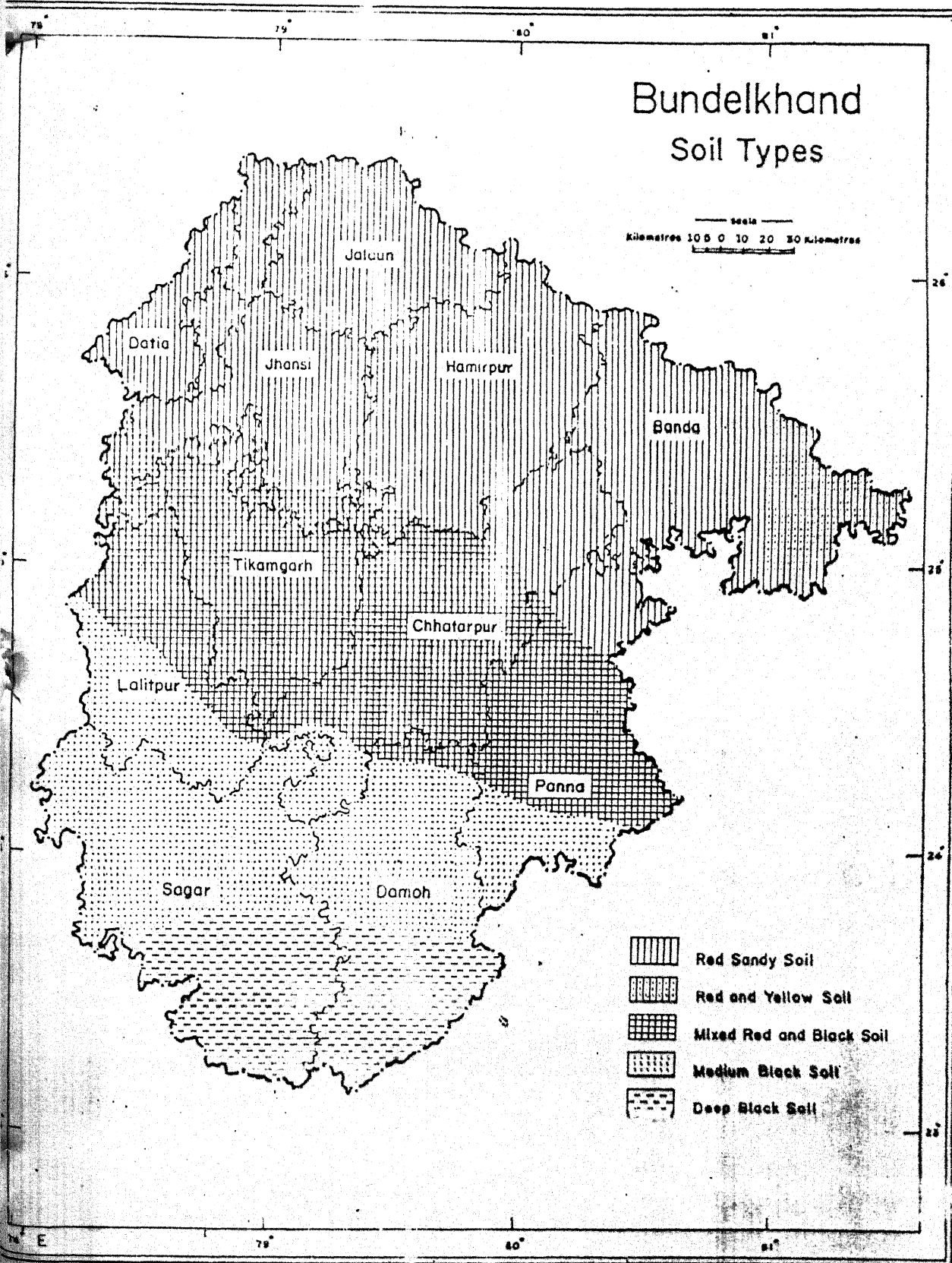
The soils of Bundelkhand are mainly derived from gneisses. The formation consists of massive rocks traversed by the quartz, sandstone, limestone and slates are also found. Bundelkhand soils can be classified as follows:



The broad distinguishing features of each of these soils are given below:

(i) Red Soils

Red soils develop over granite and gneiss and exist mostly on uplands. The red color is specially deep over gneiss and grades into brown, chocolate, yellow or grey with varying amount of iron, degree of slope and distance from exposed parent rock. As per soil taxonomy, the red soils are covered under order alfisols and entisols. These soils may be further classified into two groups i.e. rakar and parwa



Map 7

(ii) Rakar –

These soils are reddish to brownish red in color, shallow, gravelly and very light textured. Rakar soils occur at elevated spots and at the foot of hilly areas and exhibit general appearance of eroded soil. On account of being excessively drained, their water retention capacity is very low. These are, therefore, fit to grow inferior crops like Jowar, Urad, Moong, Till etc. The productivity of these soils is very low.

(iii) Parwa –

The color of parwa soils varies from gray to brownish – gray and very rarely reddish gray. The texture of these soils is loam to sandy loam. The moisture storage capacity ranges from 100 to 250 mm. Parwa soils are also deficient in inorganic matter, nitrogen etc. These soils are fairly productive and with good management all crops can be grown.

(iv) Black Soils

These soils are fine textured, highly water retentive and productive. They are covered under order vertisols and inceptisols. These soils have developed under restricted drainage and are situated in comparatively low – lying areas. The black soil group is further classified into kabar and mar.

(v) Kabar –

These soils are blackish in color, clayey – coarse grained in texture and medium in depth. The parent rock lies at greater depths. These soils are also found in low lying flat areas. They swell on wetting and retain moisture to a much greater extent. On drying kabar soils crack and develop small fissures. Kabar soils differ from mar with respect to lime concentrations, the former one being free from kankar. As such these soils are suitable for cultivation on kharif and rabi crops both suitable management practices.

(vi) Mar –

These soils are very fine textured and black in color. They have considerable depth and are usually prone to very marked extent of

swelling and shrinking during wet and dry periods. Hence, on drying they crack and develop large and occasionally very wide fissures. During wet periods, mar soils develop very poor physical conditions. The most important character of mar soils seems to be an accumulation of calcium carbonate particularly in the second horizon. These soils are highly water retentive and , most suited for cultivation of rabi crops like wheat and gram. T

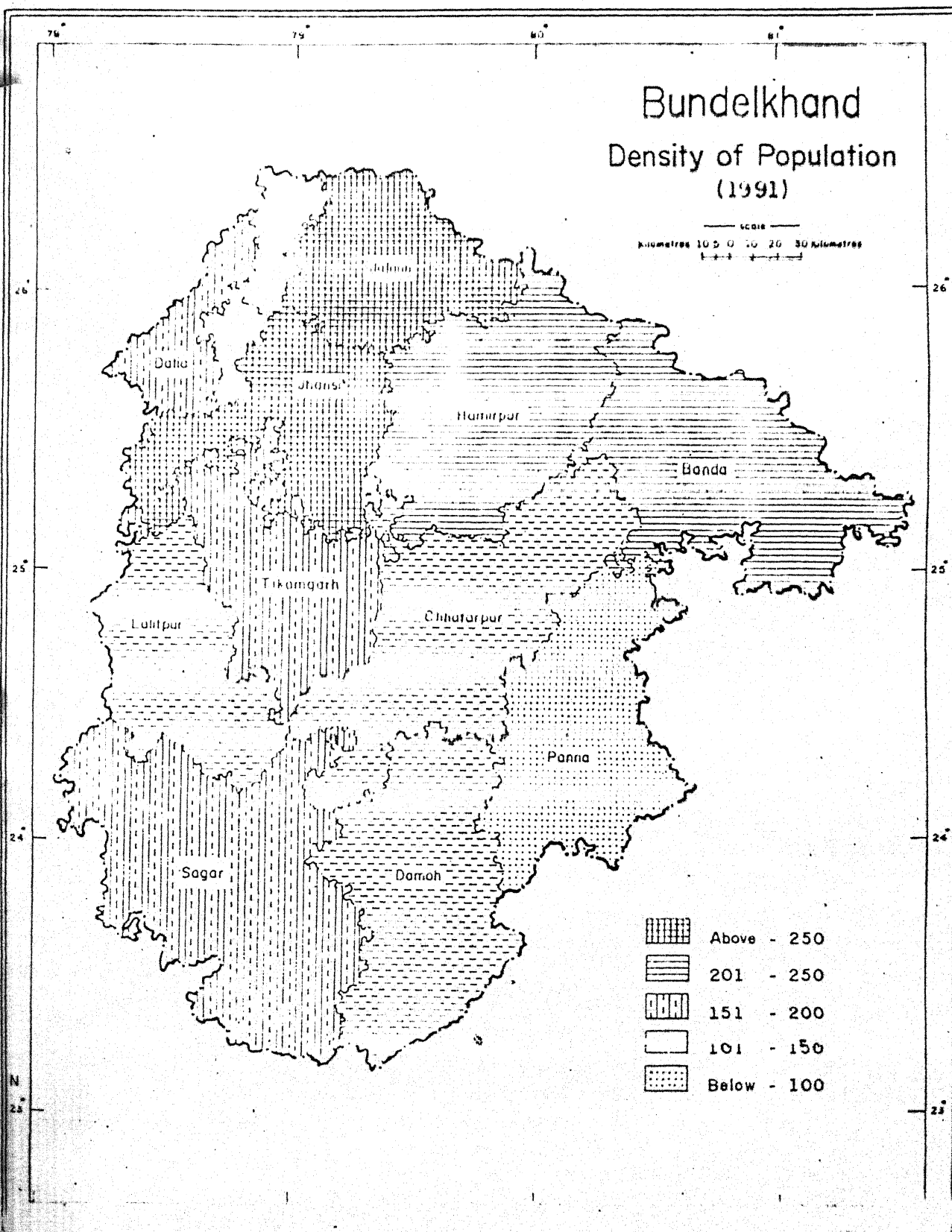
(e) Climate

The climate of Bundelkhand region is tropical dry sub – humid and has a distinct seasonality. It is characterized by three seasons viz. summer, rainy and winter. The summer season (March – June) is dry and hot with scorching sun and strongly westerly winds during the days. The Bundelkhand region is marked by extremes of temperature, reaching the mid to upper 47.5° Centigrade during the summer months and dropping as low as 1 degree centigrade in winter. During the summer season, high temperature in the plain cause low pressure areas that induce movement of the monsoon. The temperature begins to rise in February and peaks in May – June. Hot breezes known locally as 'loo' are common during this period. The dry summer is followed by warm and humid rainy season of about four months (July – Oct.) Monsoon brings rain by the end of June. The temperature begins to fall from early Nov. and coldest months are December and January.

The rainfall distribution pattern is irregular, with approximately 90% of all rainfall in the region caused by the monsoon, falling from June to October. Average rainfall per year is 800 –1000 mm but most is lost to runoff. July and August are the months of maximum rainfall, while November and April are the driest months of the year. The scant winter rainfall is useful for the cultivation of 'rabi' crops, but it is usually inadequate without access to supplement irrigation sources.

(f) Population and Human development

The Bundelkhand region is characterized by some of the lowest levels of per capita income and human development in the country. Literacy levels



Map 9

are poor, especially among women, and infant mortality is relatively high. Local inhabitants rely primarily on subsistence rain fed single crop agriculture and small – scale livestock production for their livelihood, with wheat, grams and oil seeds the predominant crops. Population density in the region largely correlates with such factors as soil types, natural vegetation, industrialization and urbanization. In rural areas, rising population has led to fragmentation of family land holdings. Livestock pressures compound human pressure on the existing natural resource base: the human to cattle (or livestock) ratio is relatively high, almost 1:1, compared with a national ratio of 1:45. In addition, the growth of private land ownership and past environmental mismanaging of lands have led to the rapid decline of forest cover, reducing traditional sources of water resources, have resulted in low agricultural productivity. Many families are no longer able to meet their subsistence needs. Temporary and long – term out – migration of males from rural villages in search of alternative sources of livelihood has become increasingly common.

Table 3.1

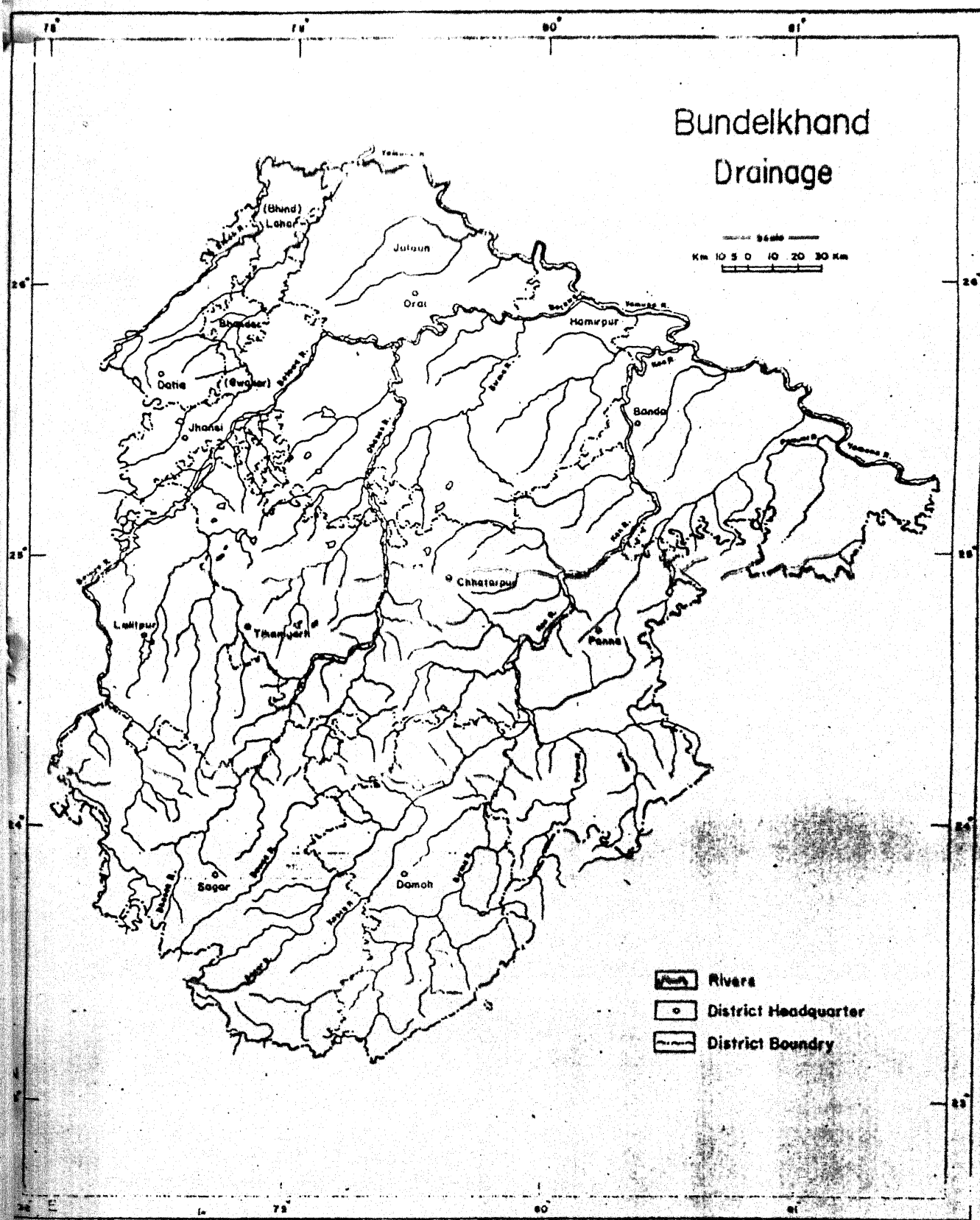
Population of Bundelkhand Region of Uttar Pradesh

<u>Regions</u>	Population (1991)	Population (2001)	
		Urban	Rural
Jhansi	1429698	717551	1029164
Jalaun	1219377	340478	1115381
Lalitpur	752042	141831	835816
Banda	1862139	244023	1256230
Hamirpur	1466491	173457	868917
Mahoba		154787	554044

(g) Drainage

The geology of the region has played an important role in determining the drainage pattern. The continuous process of erosion formed a rugged

Km. 10 5 0 10 20 30 Km.



topography in southern part; consequently the area is full of gully erosion particularly besides the river.

Betwa is the chief river of this region running from west to southeast direction with Pahuj, Sindh, Ken, Beghain and Mandakini tributaries. Pahuj rises from Gwalior (MP) and touches the boundary of Jalaun region, where the river Sindh meets it. After some kilometers both meet Yamuna. Betwa is the biggest tributary of Yamuna in the region. It rises from Vindhya hills near Bhopal (MP) and enters this region from south west portion of

Lalitpur region. After running about 96 kilometers in the northern direction, it takes slight turn towards Janmini, Birma and Dhasan. Rivers are tributaries. The river Ken flows through region of Madhya Pradesh and touches the region in Naraini Tehsil (Banda region). Formerly it ran toward northeast near Banda town meeting river Yamuna near Chilla village. Chandrawal is the main tributary of the river Ken. Besides these the river Baghain and Mandakini also flow in Far East part of the region which also meets the river Yamuna. The rivers form loops and ends with many meanders in the low land. In the plain area the process of erosion becomes less effective and consequently the deposition of alluvial soils starts forming the alluvial plain here.

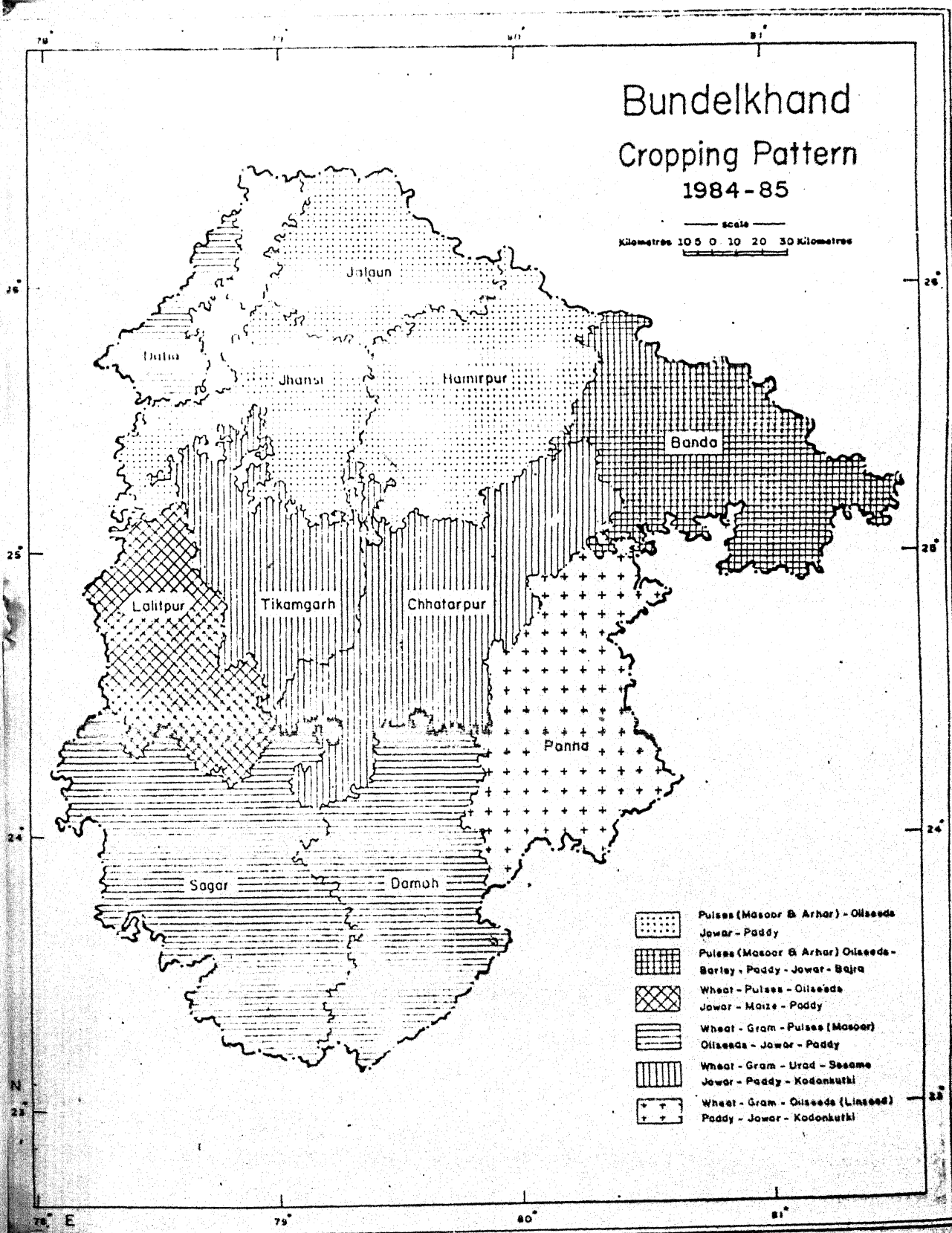
(h) Vegetation

The Bundelkhand region was densely forested until the late 18th century. After the turn of the century, rising demands for wood and agricultural expansion led to increasing levels of deforestation. Post independence population growth and the emergence of the green revolution brought even larger tracts of land under the plough and further increased wood – based energy needs. These factors, combined with poor land management and ruthless government approved commercial logging, have drastically reduced forested area in the region.

The natural vegetation comprises tropical dry deciduous species. Formerly, there were areas consisting of the Vindhyan tableland and hill ranges spread over the regions of central and southern Bundelkhand. A

Bundelkhand Cropping Pattern 1984-85

scale
Kilometres 10 5 0 10 20 30 Kilometres



thick forest cover existed along the rivers covering ravine lands in the north. But human interference has brought about destruction of vegetation.

The natural vegetation cover has almost disappeared in the northern parts of the region where about 80 percent land in Jalaun and Hamirpur and 72 percent and in Banda region has been brought under cultivation. Most of the forest is now confined along the banks of rivers viz, the Pahuj, the Betwa and the Yamuna. The important trees in these forests are Babul, Palas or Dhak, Ber in Jalaun and Babul, Khair, Tendu, Mahua, Semal in Hamirpur and Banda regions. Most of the forest in Jhansi region is confined to Jhansi tehsil while in Lalitpur region it is confined to Vindyan plateau in the southern part of Lalitpur and Mehroni tehsils. Important trees in this forest are Salai (*Bosewellia serrate*), Kardhai, Sisham (*Dalbergia Sissoo*), Dhau (*Anogeissus latifolia*), Dhak, Khair and teak (*Tectona grandis*) etc. Among the shrubs Ber and Karaundaern park (*Carissa psinarum*) are common. In the southern parts teak and tendu are found in abundance besides the above-referred species. Tendu is most common in Panna and Chhartarpur regions.

Today, only small patches of dry miscellaneous and thorn forests comprised of dhak, teak, mahua, chiranji, khardai, dhaum khair, thar trees remain. Vegetation primarily consist of scrub forest (siari, katal, gunj, bel ghout trees) and scrub brush, mauh of it open canopy with large tracts of land classified as 'wastelands'.

Bundelkhand can be considered as an ecologically degraded region having about 0.7 million-hectare areas occupying central position in the country. Out of the total area 7.2% is under mixed dry deciduous types of degraded forests. Bundelkhand comprising of Jhansi, Lalitpur, Jalaun, Hamirpur, Banda and Mahoba regions, is the least productive region of the state. Soil in the region is poor mainly a mixture of red and black variety.

The Bundelkhand region of central India is a semi – arid plateau encompasses 12 regions of northern Madhaya Pradesh (MP) and 5

regions of Uttar Pradesh (UP). River, between the fertile Gangetic plain stretching across northern UP and the highlands of Central MP

2. Basic Features of Bundelkhand Economy

- (1) Introduction – settlement pattern in the region of Bundelkhand is marked by a large number of nucleated regions and villages. Which have a predominantly agricultural economic base. The availability of socio – economic and infrastructure facilities in the regions vary widely, which is amongst the principal causes behind age group of 16 – 59 to the urban centers and therefore, experts are of the view that providing a minimum of modern amenities and facilities in the rural areas is key to solving this problem. The traditional problem of economics, namely of scarce resources being allocated to alternative use, prevents the planners and government from developing the socio – economic and infrastructural facilities in all the 5 regions of Uttar Pradesh. It is indeed also neither possible nor necessary to locate all the facilities in all the regions, because this region of two states.

In the chapter, an attempt has been made to highlight the economic profile of the region. Since the region diversify in its socio – economic characteristics, it is therefore very important to have an understanding of the issue related to its caste, creed, culture and people before dealing with the occupational structure of the population.

2. Occupational Structure – The resource base both physical and human, provides the basis on which the structure of the economy is built. By interaction with resources base, the working population gets divided among different productive activities forming thereby the occupational structure of the economy. The population may, therefore, be dichotomized into groups of economically active and economically inactive population. The economically active population, as defined in the census 1991 refers to that section of the population which produce economic goods and render services whereas which does neither is referred to as inactive. The later is called non – working population and the former working population. These two segments of population are of distinctive significance as their proportions; demographic characteristics and economic composition have

direct bearing on the pattern, rate and level of economic development of a country.

In this chapter, therefore, a modest attempt has been made to examine historical perspective of occupational structure in connection with region of Bundelkhand. An important objective of our study at micro – level is to understand how the economics of the region as a whole and of the blocks have changed over the years in terms of workers in different occupational categories which we call the composition of employment or employment composition.

The census operation conducted 1991 and 2001 divided population between earners or self supporting persons and their dependents. Earners or self – supporting persons and earning dependents were all defined in such a manner as to include not only those who performed work, but also those who lived on unearned incomes from such sources as rent, royalty, pensions etc. In the census of 1961, however population was divided into workers and non – workers, those depending on unearned incomes being, for the first time included among non – workers. The definition of workers now included whole time and part time workers. It also includes family workers who are not paid in cash or kind, but the services rendered by them are computed in terms of money.

The 1961 census has classified workers into nine livelihood classes. These classes are cultivators, agricultural labors, persons engaged in mining, quarrying, forestry, hunting and activities connected with livestock, plantation of orchards and allied pursuits (in the census of 1971 mining and quarrying activities were put under separate category) house hold industries, non-household industries, construction and maintenance, transport and communication, trade and commerce and persons engaged in services such as public utilities, administrative, educational, scientific, medical, health, religion, welfare, legal and personal.

Persons who have not been classified as workers have been categorized as non – workers. They include dependent of workers and persons engaged in non-productive work whether they had any income or not. The non – workers of the region have been divided into eight categories such

as full time students, persons engaged only in household duties, dependents, infants and disable person, retired persons and people of independent means, beggars, vagrants and other of unspecified sources of income, inmates of penal, mental and charitable institutions, persons seeking employment for the first time and persons employed in the past but seeking work.

Table – 3.2

Bundelkhand Region(UP region): Occupational structure 2001

Occupation Categories	Rural	Urban	Total
1. Cultivators	1478136	50511	1528647
2. Agricultural Labors	865060	38592	903653
3. House hold industries	73616	40239	115035
4. Other Workers	304899	397797	702696
Total workers	2721701	527139	3248840
Non – Workers	3661737	1321474	4973204
Total Population	6383438	1848613	8222044

Source : Uttaranchal and Uttar Pradesh at a glance 2003

3. INDUSTRIAL STRUCTURE AND LEVEL OF DEVELOPMENT

The Bundelkhand region of Uttar Pradesh has 37 Public Limited companies and 233 Private Limited companies in Joint Stock companies as on March 2000. During 1998 (March) there were 16115 small-scale units employing about 48484 people. There were 42 large and medium industries (up to March 98) in the region and employing 17007 people. And 13504 Khadi and Village industries as on March 99 and employing near about 21456 people.

Several items are produced in small units of industries like dairy, canning and preservation, bakery, chocolate, textiles, cardboard boxes, printing, timber goods steel furniture, liquor, ayurvedic medicines, tubes, leather products, musical instruments, miniature bulbs, medical instruments etc.

4. **INFRASTRUCTURAL DEVELOPMENT**

Introduction –

The location of facilities (also called amenities or function) within the easy of the common man reflects on the infra – structural development of the area. Educational facilities, drinking water, medical, transport and communication and market facilities etc. as are located in the region.

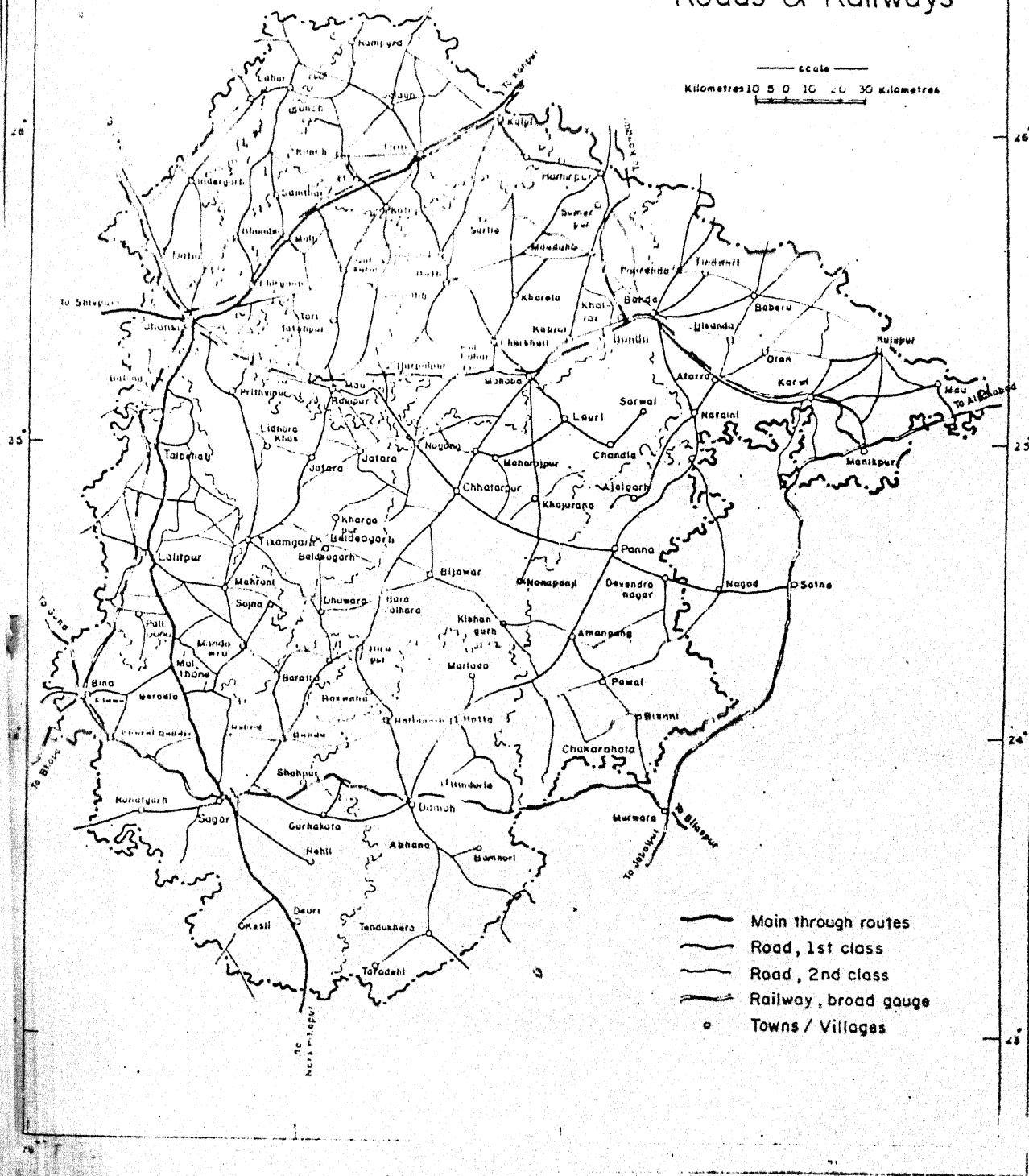
Traffic and Transportation –

The region follows the lines of movement. The financial constraints limit the extension of the best road, rail lines etc. to all the parts of the region. It becomes imperative, therefore, to attain an optimum utilization of the existing transportation facilities in the region. At the same time improving the quality of surface modes can bolster the economy of the suffering areas.

There is a great improvement in the development of road network in the region. The road length of roads is about 9000 km of region in Uttar Pradesh and more than 4500 km region of Madhya Pradesh. The density of roads is calculated in terms of kilometers per 1000 km². as on 1996-97. the data reveal that the density is high (above 200 km) in four regions viz, Damoh, Jhansi, Tikamgarh and Jalaun. The regions in coming in the next lower range (150 –200 km) are Panna, Datia, Banda and Hamirpur. The remaining region have below 150 km roads per 1000 km area, the lowest area (91 km) in Chattarpur region. This region is still short of minimum road accessibility while the other regions have reached the ideal road length as per star grid formula. The overall density of roads in the region is

Bundelkhand Roads & Railways

scale
Kilometres 10 5 0 10 20 30 Kilometres



Map 11

178 km per 1000 sq. km area. It is almost same in both U.P. part (180 km) and M.P. part (177) of the Bundelkhand region.

Table –3.3

Region wise length and availability of roads in Bundelkhand region of U.P.

Regions	Roads		Road Density (Km road per 100 sq km	Road Length (Km of road per per 100000 Population
	Km	Year		
Jhansi	2110	1996-97	42	148
Lalitpur	1215	1996-97	21	138
Jalaun	1767	1996-97	39	145
Banda	1956	1996-97	26	105
Hamirpur	1861	1996-97	26	128
Mahoba	-	-	-	-

Source : Area and Population of the regions are as per Uttar Pradesh at a glance

The length of roads per 100000 of population for each region has worked out in the above table.

There is much scope for development of all – weather motorable roads in the region because mobility decreases during rainy season due to bad condition and lack of bridges.

There is no ideal rail facility in the region. Jhansi – Kanpur, Jhansi – Agra – Delhi, Jhansi – Allahabad and Jhansi – Bhopal via Bina are the major railway lines. The region also avails Manikpur – Jabalpur and Banda – Kanpur links. These lines touch very limited areas. The rail length at region level in the Uttar Pradesh part of Bundelkhand is well connected especially Jhansi region, it is well connected with all part of India and it is Railway Division, fall in the North Central Railway

Educational

- (a) **Technical / Vocational** - There are six Institutional Training Institute (ITI) and six Polytechnic colleges are operating in this region of Uttar Pradesh
- (b) **University** - There is only one university in this region. Bundelkhand University – Jhansi. This university came into existence on August 25, 1975,
Present Scenario – The University entered into an era of monumental growth from its silver jubilee year after the incumbent Vice – Chancellor Prof. Ramesh Chandra, took – over the mantle in July 31, 1999. The magnitude of qualitative development that the University has undergone during last about four year under the patronage of this young scholar is aptly proved from the fact the faculty strength on the campus has already surpassed 3000 marks as against only 8 during early 1999. And same with the number of students crossed over 9000 mark in last four years earlier they were only around 120 students in the campus
- (c) **Degree Colleges** - There are more than 39 colleges in this region of Uttar Pradesh and these colleges are affiliated to Bundelkhand University
- (d) **Junior Basic School** – The number of Junior basic schools in the region are around 5000.
- (e) **Senior Basic School** – There are more than 1400 senior schools in this region of Bundelkhand
- (f) **Higher Secondary School** – The number of higher secondary school in the region around 340.
- (g) **Medical College** – There is only one Medical college allopathic and six ayurvedic college in the region.
- (h) **Hospitals** – This region have around 300 hospitals and more than 3000 bed in number.

Recreational

- (a) **Cinema** - The Bundelkhand region having more than 50 cinema halls in 2000 –01.

- (b) **Auditorium** – There is only one well maintained and organised auditorium in Jhansi region and one by the Bundelkhand University.

Commercial

- (a) **Banks -**

In all there are around 415 branches of scheduled commercial banks in March 2001 in Bundelkhand region of Uttar Pradesh.

- (b) **Co – operatives Societies**

Bundelkhand region has got 67 co – operatives societies.

- (c) **Water sources and availability -**

Throughout most of the year residents of Bundelkhand experience acute scarcity of water for agricultural and domestic use. Water sources are varied and often seasonal, ranging from ponds, tanks, lakes and streams to open wells, bore wells and irrigation canals radiating out from large scale dams. Most agriculture is single –crop rain fed with supplementary water from private open irrigation wells. Thus, large numbers of farmers are highly dependent on the monsoon rains to recharge these wells.

Rural Infrastructure –

The drinking water facilities are available in all the villages. The educational facilities are available within the villages covering most of the population (more than 80 percent). More than two – third of the population live in villages which are provided by a bus stop or a railway station or both. Postal facilities are available in villages.

6. Bundelkhand Region in the Development of Uttar Pradesh

Bundelkhand region is one of the premier regions after creation of new state Uttaranchal. Bundelkhand is an area with rich natural and heritage resources but it is not yet properly exploited. People in this area are not properly educated and lack of industries is also a negative point in

Bundelkhand. Most of the part of Bundelkhand is rural and undeveloped. Although there are sand stone mines but they are unable to provide the people proper employment. Most of the people in this area are uneducated and female literacy rate is also low. There is absence of good infrastructure like good roads, transportation and communication.

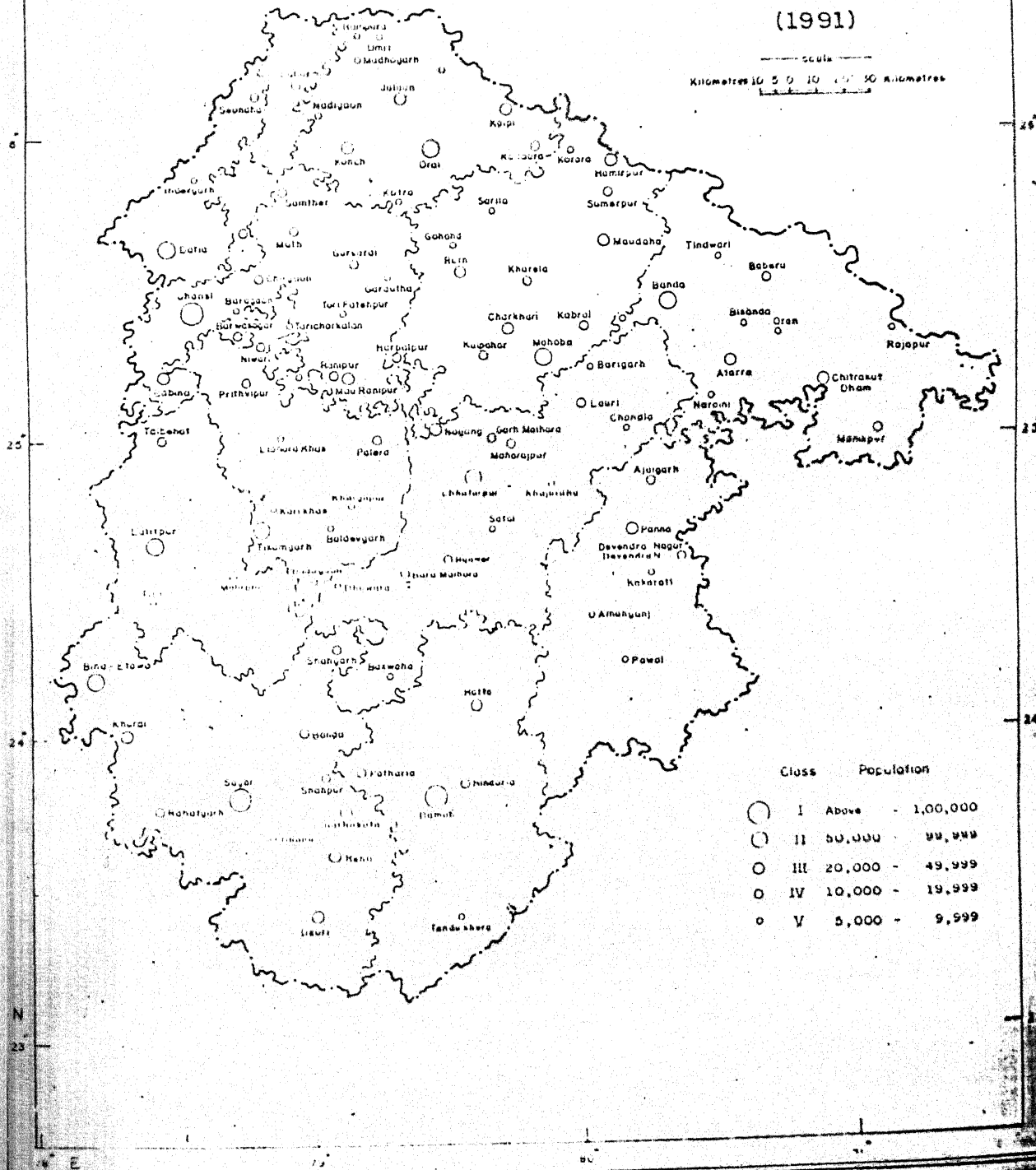
But this region have extreme potential for tourism and that can be help in boosting the economy of this region. The Government should take proper step for improvement existing tourist destination and should create new tourism destinations in this region.

This region is easily accessible by rail, road and air transport and other such as to the tourist as well as to the visitors.

The Bundelkhand region is full of places of scenic beauty and picnic spots. Some of these are Jhansi – Matatila, Parichha, Orchha, Pahuj Dam etc Bundelkhand region to be more congenial, healthier and population free also for the inhabitants as well as tourists. A healthier environment would be more suitable for a symbolic interaction within the Bundelkhand masses

Bundelkhand Distribution of Towns (1991)

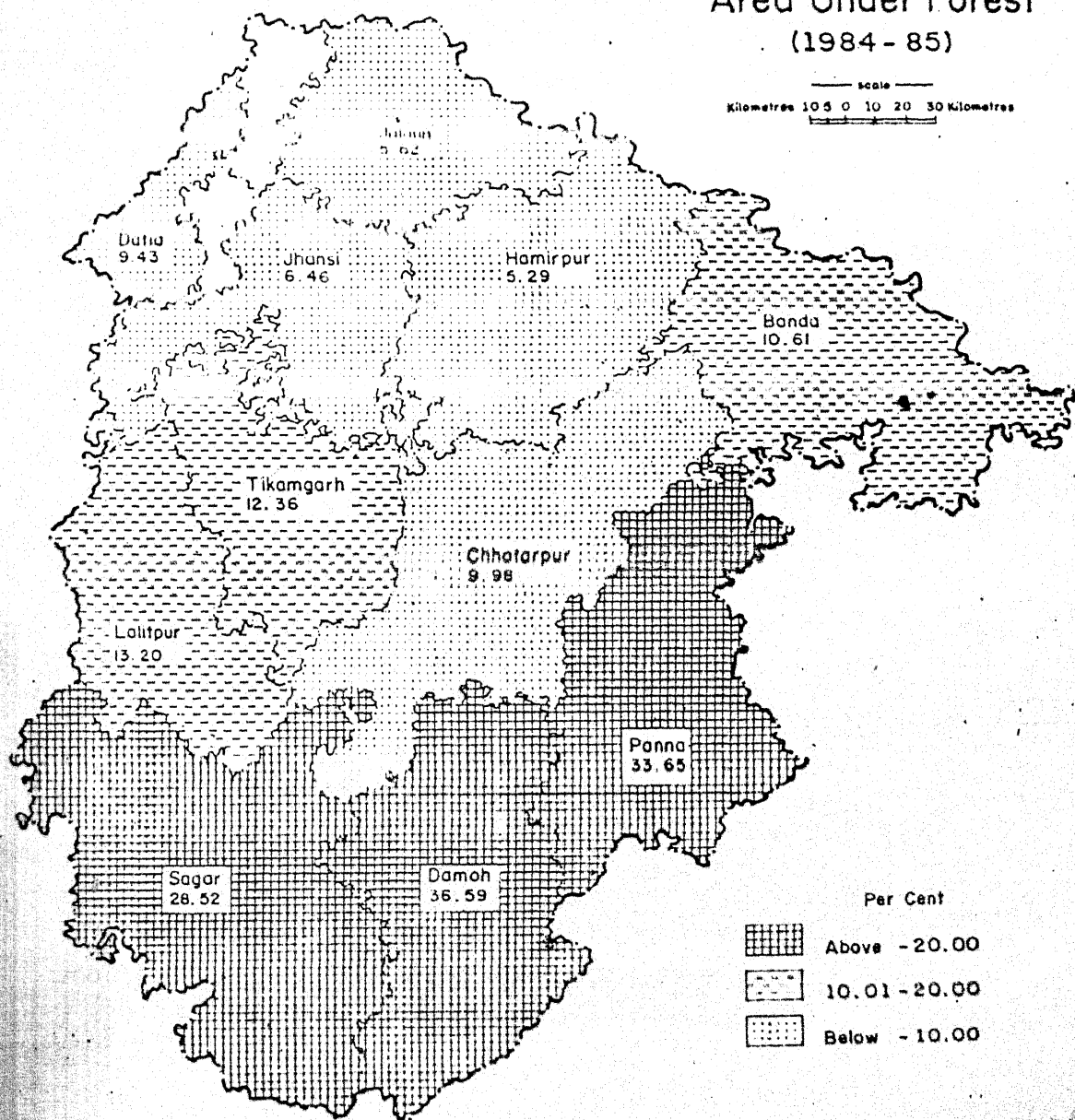
Scale
Kilometres 0 5 10 15 20 25 30 35 40 45 50 Kilometres



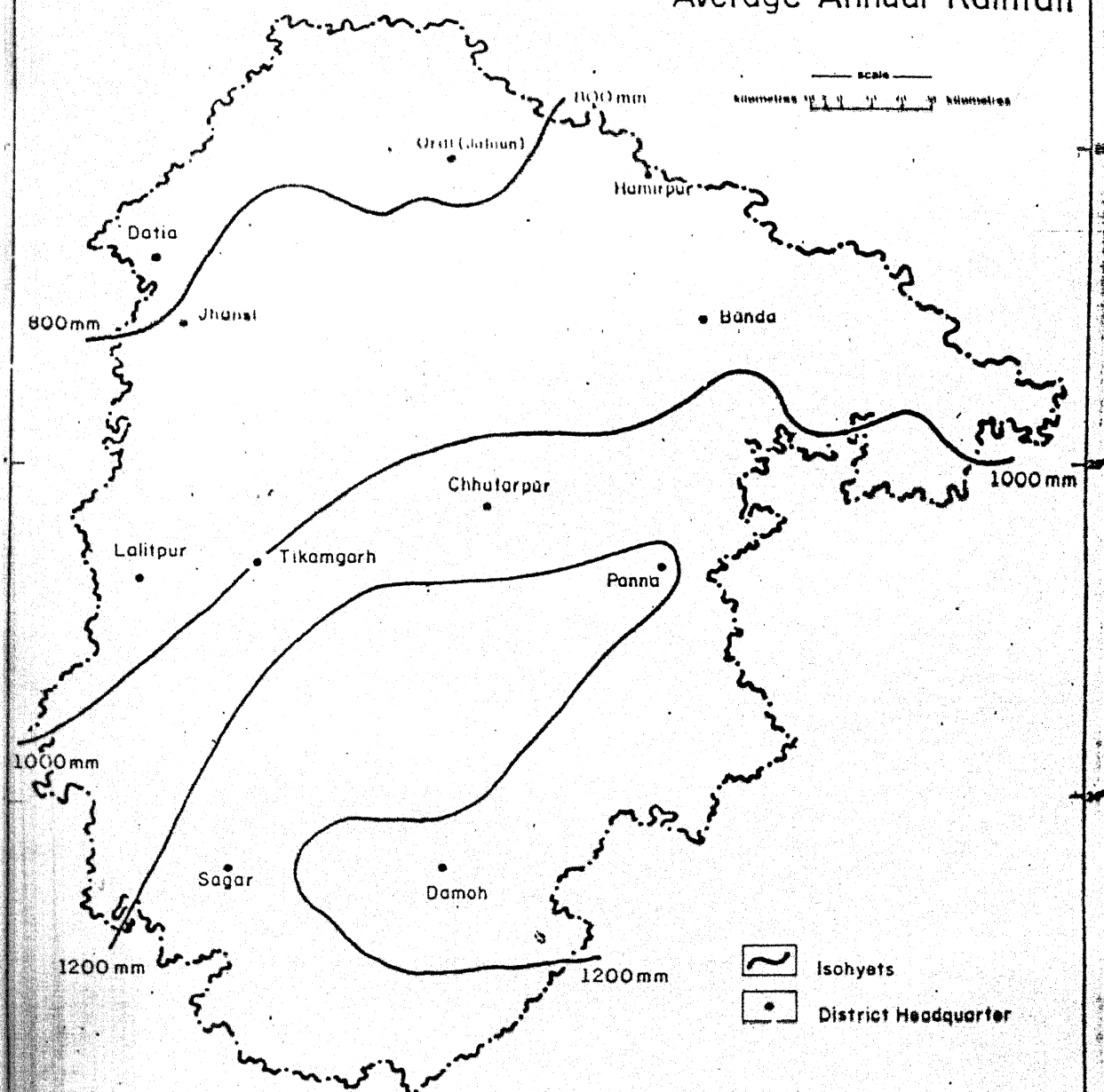
Class	Population
I	Above - 1,00,000
II	50,000 - 99,999
III	20,000 - 49,999
IV	10,000 - 19,999
V	5,000 - 9,999

Bundelkhand Area Under Forest (1984 - 85)

scale
Kilometres 10 5 0 10 20 30 Kilometres



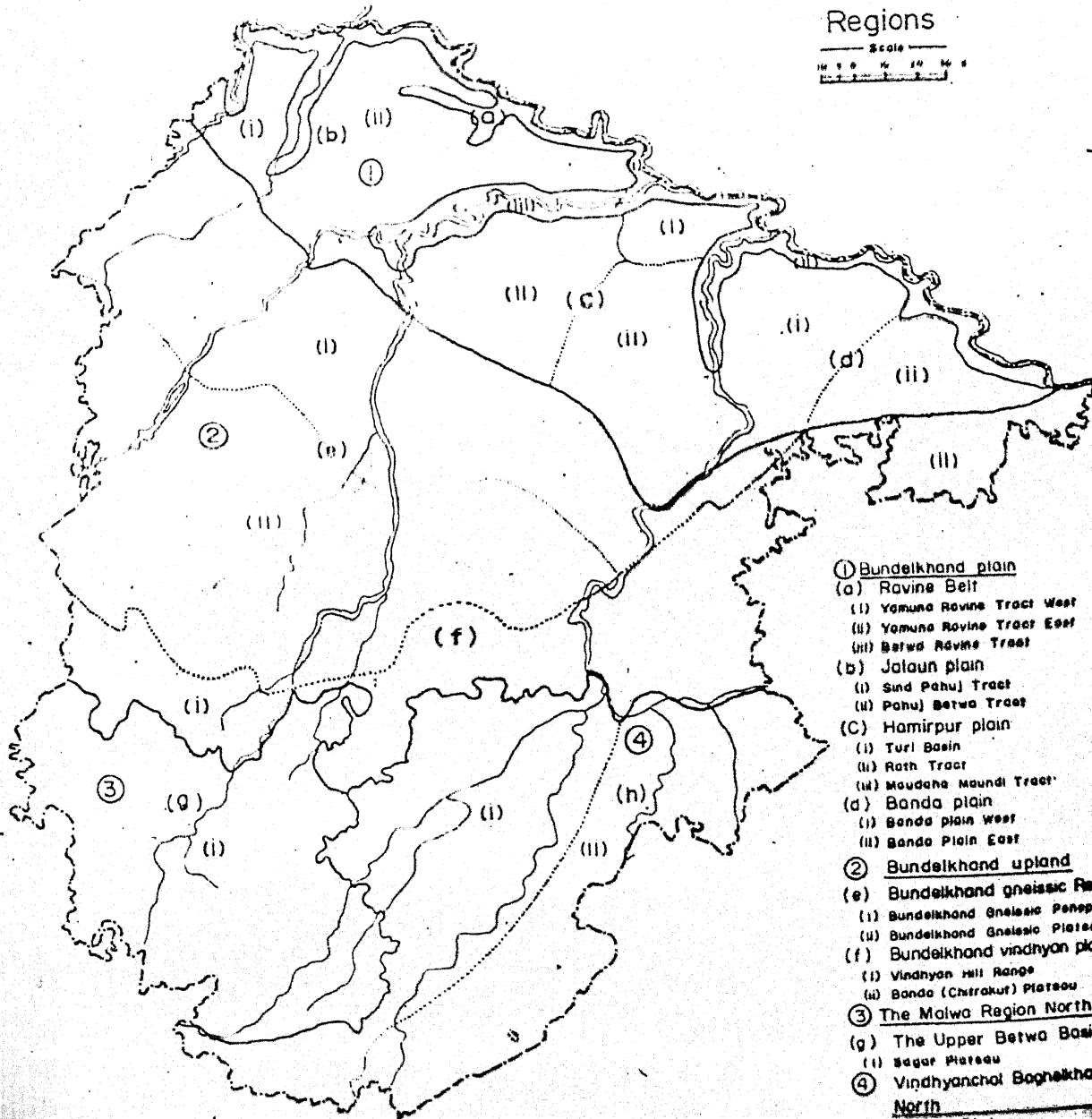
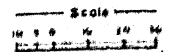
Bundelkhand Average Annual Rainfall



Map 6

Bundelkhand

Regions



- ① Bundelkhand plain
 - (a) Ravine Belt
 - (i) Yamuna Ravine Tract West
 - (ii) Yamuna Ravine Tract East
 - (iii) Betwa Ravine Tract
 - (b) Jalaun plain
 - (i) Sind Pahuj Tract
 - (ii) Pahuj Betwa Tract
 - (c) Hamirpur plain
 - (i) Turi Basin
 - (ii) Roth Tract
 - (iii) Moudaha Moundi Tract
 - (d) Banda plain
 - (i) Banda plain west
 - (ii) Banda Plain East
- ② Bundelkhand upland
 - (e) Bundelkhand gneissic Region
 - (i) Bundelkhand Gneissic Penepson
 - (ii) Bundelkhand Gneissic Plateau
 - (f) Bundelkhand vindhyan plateau
 - (i) Vindhyan Hill Range
 - (ii) Banda (Chitrakut) Plateau
- ③ The Malwa Region North
 - (g) The Upper Betwa Basin
 - (i) Sagar Plateau
- ④ Vindhyanchoi Baghelkhand North
 - (h) Panna Plateau
 - (i) Sagar Upland
 - (ii) Damoh Plateau

25° EAST OF GREENWICH

Map 8

CHAPTER IV

Underlying Factors of Growth of Tourism

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Chapter IV

UNDERLINE FACTORS OF GROWTH OF TOURISM

1. Historical Development of Tourism in Bundelkhand Region

The development of various segments of tourism industry depends upon the importance and popularity of the tourist places.

The unplanned growth and development of tourist activities have brought too much damage to the ecological setting of this region. Tourism is known as scenery cream – climate based industry and obviously the trade affected the economy.

In Bundelkhand region, today the much of the scenic beauty is damaged and the microclimate is undergoing rapid change because of the unplanned cutting of the forests. This has caused environmental, pollution, degradation and defacement affecting the trade.

The U. P. government is taking steps to protect the lost glory and old beauty of the hill queen. Therefore, many attempts have been made for its planning and development and no integrated model of maintain.

For tourism place, there should be proposed area with natural resources and for other sector there should be fixed place.

The site would be evaluated in term of that city, environment, topography, areas of land, soil and water condition, site of accommodation location. So any widest possible programmes of activities and attraction that can be made in the way of attracting tourist and resort would develop in fine standard.

Today, U. P. Government had organised various department to promote tourism in this region. There is a plan for developing new parks to develop,

Historical places. Constructing take near about Bundelkhand , and its surrounding areas, and plans for beautifying Jhansi , Paricha, Matatila, Khajuraho and to develop the place of Orcha as company garden for tourist.

State Government is also providing loan to those people who wants to establish small industry, hotels, restaurants and shops to tourist spot.

In Bundelkhand region, and other areas tourism play important role, by earning foreign exchange, every year on an average about thousand of foreign and domestic tourist visits Bundelkhand. Thus for every tourist the servicing require for tourist should be available in tourist

Strengthening of Tourists Organization

A strengthened organizational structure is most vital for sustained growth of any activity. It is an important limb of planning. As regards tourism, it is acquired still more importance in view of the ever increasing flow of tourists traffic to this state. In fact, all the tourism activities proposed to be undertaken for the promotion will be futile if our organizational structure is not adequately strengthened. It was only in 1972 that a separate Directorate was established for the development of tourism. Thus, it is still in its infancy as regards its organizational set up. With this view following posts are proposed to be created with in the eighth five-year plan:

Table 4.1

S.N.	Regional Officers	No. of Posts
1	Additional Director	1
2	Statistical Officer	1
3	Statistical Assistant	2
4	Investigators	4
5	Stenographers	2
6	Head Assistant	1
7	Typists	1
8	Junior Accountant	1

9	Orderly Peon	2
10	Driver	1
11	Dak Runner	1
12	Chowkhdar	1
13	Sweeper	1
14	Luxury Tax Officer	2

A sum of Rs. 3.39 lacs is proposed for the creation of above sanctioned posts. In view of new officer to be opened in 1995 – 2000 its expenditure will be around 24.59 lacs .

In Uttar Pradesh, state tourism department provide various facilities for tourists. And this units is providing rest houses for tourists, transports facilities for domestic and foreign tourists. In the last 12 years, Nigam have created a number of regional tourist officers in the state. In the 6 years a number of tourists regional officers are working progressively and profit earned by the department can be tabulated as below:

Table 4.2

No. of units established in U.P. and total income and working profile of tourism depended in U.P. During 1993 – 94 and 1999 –2000

(in Lac Rs.)

Year	No. of units	Total Income	Working Profit
1993-94	20	105.20	13.51
1994-95	27	406.69	36.80
1995-96	32	460.35	45.76
1996-97	35	547.45	40.65
1997-98	26	658.20	56.60
1998-99	38	737.76	65.67
1999-00	41	759.90	78.45

The concept of tourism in Uttar Pradesh is not new, people always undertaken journeys to pilgrim centers though it was not so planned as it is to – day. Now there has been general awareness among the people towards tourism. As a result of wide publicity of our tourist products, the movement of people to these places of tourist interest has registered a remarkable increase in the recent past to cope with the increasing flow of tourists; our tourist organization has also been strengthened accordingly. Many more offices are being opened in and outside the state to disseminate tourist information. With such a pace of development, it looks unfortunate that the department should have its head – quarters housed in a rented building. Almost all the departments have constructed their own building. In view of the proposed expansion and strengthening of tourist organization, a sum of rs.200000 is proposed for the eight five-year plan.

For the growth of tourism in this region tourism development authority has been organised to look after tourism sector. And for this sector, 10000 rupees have been proposed in annual plan.

U.P. Government has proposed growth plans for tourism in Bundelkhand. In near future lots of tourists spots, will be developed to attract tourists. Such tourism will be in keeping with the development policy of the department of tourism which is to promote and develop tourism both domestic and international on leisure, adventure, wildlife, flora and fauna and the pristine beauty of the region.

2. Tourist Influx in to Bundelkhand and Neighboring Places – Censes and Growth

In the beginning of present century, the number of tourists visiting Bundelkhand and neighboring places was not very significant. This was difficult due to geographical topography and the absence of quick means of transportation.

Today, tourism has become a people industry and has rapidly won considerable recognition as a factor that favors social stability, improves the working capacity of communities and promotes individuals as well as collective well being. It has created new activities, new employment opportunities, and is a positive element for social development and also assists in the promotion of national integration and international understanding. As an upsurge in the travel movement of our peoples has led tourism towards a new awakening. A pattern of tourist traffic in Bundelkhand has a long history. Its commercial character has developed only recently. So from 1990 – 91– 2001 –2002 tourist traffic has increased fastly due to the following reasons.

The Government policies, greater incentives, opening of new destinations, building of various category hotels, better means of transportations, improved sight – seeing and shopping facilities have encouraged people to reach out for holiday tours, week – end gateways, business travel and meeting.

Among the several reasons tourists come to Bundelkhand round the year one is its pleasant climate specially in rainy season. This region is known for its natural beauty and Khajuraho temples.

The number of tourists in the last few years has increased mainly because of promotional activities undertaken by state Government for promotion of tourism in this region.

The demographic profile of the people visiting the Bundelkhand region and its neighboring places, today has changed. After the independence more and more common man and domestic tourists have started visiting these regions mostly in the winter and rainy seasons. In the present, there are as many as 15 hotels in Jhansi and mainly in Orchha and Khajuraho. Bundelkhand is the region with different types of attractions for different tourists. On the one side it has heritage properties and on the other side attractions like river Betwa. It has different religious monuments for different regions.

and on the other had exotic place like Khajuraho. Different sources say that khajuraho attracts maximum number of foreign as well as Indian tourists. Driung going to Khajuraho tourists also visit Jhansi, Orchha, Mahoba etc. In the arrival of foreign tourist scnd place is Jhansi. Foreigners visit Jhansi to see the world renowned Rani Laxmi Bai's place from where she challenged the British government and fighted with a great courage till her death. Orchha is the place with potentially of tourism and attract a considerable amount of tourist because with natural beauty it has Raja Ram Mandir. Chitrakoot is also famous among tourists and tourist visit this place as religious tourist because this place is mentioned in Ramayan and has a great signigicance for Hindus. Tourist also visit Bundelkhand to see Jhansi Mohotsava and Khajuraho festival. Bundelkhand is not the region with only specific tourism potential. Bundelkhand with the convenient accessibility from all sides of the country can do miracle in the field of tourism. It has different attractions, which can attract the tourists for the whole year. Rainy season in Bundelkhand is a great attraction for the tourists. If this fact is promoted this can work as a tourism booster.

Some of the places of tourist attraction mentioned below:

(a) JHANSI -

LAND OF THE GALLANT QUEEN

The gateway to Bundelkhand, Jhansi is a city that is linked still with the legend of its fiery queen Rani Laxmibai. In the 1857 war against British, she led her troops into battle, striking a blow for Indian independence and laying down her life for the-cause. Jhansi is ideally located for various rewarding excursions in the area. Within easy reach are fascinating destinations like Orchha, Shivpuri, Deogarh and Khajuraho. Now adding another dimension to this splendid destination is the Jhansi festival, an annual event scheduled in February/ March each year that displays the arts, crafts and culture of the region.

PRIME-ATTRACTIONS

Jhansi Fort

The Jhansi Fort, located upon a rocky hill was built originally by Raja Bir Singh Ji Deo, in 1613. Today, it houses a collection of sculpture and provides an excellent insight into the eventful history of Bundelkhand.

Rani-Mahal:

This was the palace of Rani Laxmibai. A fine collection of sculptures belonging to the period between 9th and 12th centuries A.D. has been housed here by the Archaeological Survey of India

State-Museum:

The museum has collections of terracotta, bronzes, sculptures, arms, manuscripts, paintings and coins of gold, silver and copper.

EXCURSIONS

Mahavir Swami Wildlife Sanctuary:

Located in Lalitpur in Uttar Pradesh the Mahavir Wildlife Sanctuary is the Mahavir Wildlife Sanctuary is spread over an area of 5.4 sq. km. The sanctuary is 125 km from Jhansi, the magnificent gateway to the Bundelkhand region, rendered famous by the legendary Rani Laxmi Bai.

(b) Barua-Sagar:

24 kms from Jhansi, on the route to Khajuraho, Baruasagar is the historic spot where the battle between the Peshwa's troops and the Bundelas was fought in 1744 The place is named after the Barua Sagar Taal, a large lake formed about 260 years ago, when an embankment was erected by Raja Udit Singh of Orchha.

(c) Kalinjar:

Situated at a distance of 280 km from Jhansi, this town and the fort, which have had strategic important since the earliest of times, are located in the ancient land of Jejakhukti, which is an integral part of Bundelkhand.

(d) Parichha:

Parichha Dam, built on the river Betwa, is about 25 kms from Jhansi on the Jhansi-Kanpur National Highway No. 25. Its reservoir- a placid stretch of water that runs to Notghat Bridge, 34 km away, is ideal for water sports.

(e) Todi-Fatehpur:

The fort covering an area of 5 acres, is built on a hillock and is surrounded by three massive stone walls. It is divided into 4 main parts- the oldest and the uppermost being Gusain Mahal, the next being 'Ranwas', the third, Rajgarh Palace and the fourth, the Rangmahal Palace, which is a splendid four storeyed building, embellished with paintings on the walls and ceilings.

(f) Samthar:

Samthar lies at a distance of 66 km from Jhansi and 13 km from Moth. Formerly called Samshergarh, it is now known as Samthar. It was an independent principality under the great Gujjar warriors of the 17th and 18th centuries. Chandrabhan Bar Gujar and his grandson Madan Singh, governors of the state of Datia, are credited with the creation of the independent state of Samthar.

(g) Orchha (M.P.):

18 km from Jhansi, Orchha is a city, frozen in time. It was founded in the 16th century by the Bundela chieftain, Rudra Pratap Singh, who built this new capital on a large wooded island, on the river Betwa. Today, remains of the fort and palaces speak eloquently of Orchha's time of glory, of its splendid legacy of art and culture.

(h) Shivpuri (M.P.):

101 kms from Jhansi lies Shivpuri, the summer capital of the Scindia rulers of Gwalior. It is located on the main Delhi- Bombay Highway, south of Gwalior. Shivpuri's dense forests were once used by Mughal emperors as

their hunting grounds. Even today, it is famous for its preserved forests, wild animals and natural surroundings.

(i) Datia (M.P.):

34 kms from Jhansi, Datia is a railway station on the Delhi-Madras main line. An ancient town, it has been mentioned in the Mahabharat as "Daityavakra". The main historical monument here is the seven-storeyed palace of Raja Bir Singh Ji Deo, built at the top of a hill, offering a splendid view, over a lake.

(ii) Sonagiri (M.P.):

45 kms from Jhansi, this sacred Jain hill lies 3 kms to the north-west of Datia. There are some 77 Jain temples, built along the hill and its slopes, which date back to the 17th century. Of these, the temple dedicated to Chhatranatha, the 8th of the 24 Tirthankaras, is the most beautiful

3 Different Factors Influencing the Growth of Tourist Industry

(a) *Scenic beauty of Bundelkhand and its climate*

Tourist curiosity having been aroused to see the natural and other attractions of a place must be offered suitable and satisfactory service and guidance in accomplishing his object. He can gain some knowledge from local people, their way of life, their culture and traditional heritage, savor, their food and beverages and secure souvenirs and taken pictures to preserve his recollections.

One of the most important and crucial attraction of any tourist place is fine weather with warm sunshine. For holidaying, good weather is a particularly important ingredient since it plays an important role in making a holiday a pleasant or an unpleasant experience.

In fact, development of tourism, good climate, and natural resources attracts tourists. Area with attractive winter climate, winter warmth and sunshine are also important factors of tourist attraction.

In Bundelkand and its surrounding areas become important winter or summer holiday resorts attracting a large number of tourist. A variety of winter sport facilities have been installed to cater to the increasing needs of tourists. In Bundelkhand region there is a tropical climate and area is surrounded by natural resource in this region has been developed a number of hostels and resorts. Climate than, is of particular significance to tourism and hotels, so there are many areas which because of their beautiful climates can be potential tourist areas and tourist resorts. so in the region, there scene attraction places, good weather which is most important for the growth of tourism industry. For the growth of hostels, it is necessary that hostels should be constructed where scenery of landscape consisting of mountains, lake, waterfalls, forest, etc. are strong force attracting people to visit. Breath taking mountain scenery and the coast scenery exert a strong fascination for the tourists. The magnificent mountain ranges provide an atmosphere peace and tranquility. Certain other natural amenities such as spacious sheltered water for purpose of sailing or the Opportunities for fishing and shooting are also very important.

{b} **Transportation Facilities; Air, Rail & Road:**

The growth of tourism industry depends on transport system. The growth of transportation is linked between the various states, cities and villages. Better transport system can increase the number of visitors and relation to another country can come closer. Transport system support the diplomatic channel, growth of market items, to develop highly technical professionally and commercial support. Due to absence of roads and other transport facilities travel had to hard way and this led slowly to development and routes.

In Bundelkhand, transport is the lifeline of tourist movement. The region is linked by rail-road and air transport service to different places every year, a large number of tourists visit this region because various types of transport system is linked to different places. The need of better facilities is offered by railway system.

The tourist industry of this region can be developed on the pattern of Switzerland where everything is well organised. From Jhansi railway station, various forms of transport facilities for tourist are provided. Besides traveling the scenic beauty is over viewed and all types of service are provided. All kinds of hotel are always ready to provide that services.

The climate of the region is conducive to the growth of health resorts. The motor truck, cars, taxies, scooters, buses, transport have increased.

The roads are the main means of travel, which serve the No. of the people since long. The modern mechanized road systems have brought a significant change in tourist activity. By lining the different distant places by roads, where the railway cannot be constructed, the accessibility to the tourist places has been made possibility.

This region is served with various trains directly connecting all the important cities. A large number of domestic tourists especially on long routines journey prefer to travel by rail rather than by road.

Air transport has revolutionized the whole industry and cost of the international tourist take advantage of this improved facility of transport.

Today there is competition between the taxis, buses, motor coaches and air – transport. The consequences of these changes form one mean transport to another is a change in the structure of tourist traffic. Efforts have been undertaken by the railways to earn profit from the new technological revolution by modernizing their methods and achieving grater efficiency. The railway remains to those new visitors to tourism as

the ideal form of transport. The price elasticity of demand of tourist confirms this ideal. Every increase in prices results in a negative, elasticity of demand for the railway and coaches and a positive elasticity for the private motorcars and railways. Travel by train offers the tourist an insight into the large country and its people. It passes through forest riverside and passes through town, villages and green vegetation and takes on back into glorious past.

Travel has created demand for a home away from home. It is not surprising that there should be a close connection between growth of accommodation facilities and developments in the modes of transport. As a result hotels are constructed among the main highway in principal towns. Accessibility is a crucial factor as it is a means by which tourist can reach the area where attractions are located. The tourist attractions, which are linked by a net – work of efficient roads and can be easily reached by air receives the maximum number of tourist. The distance factor also plays an important role in influencing a tourist's choice of a destination. Easy accessibility thus is a key factor for the growth and development of tourist movements. With the passage of time, the age – old institution of the rural or the inn adopted itself to the ever changing and constantly growing requirements of the market and has evolved into the modern hotel.

The demand for some kind of accommodation away from home is an important function of travel. It is, therefore, not for pricing that the main influence on the development of accommodation facilities has been development in the mode of passenger transport. In the field of mass passenger transport, railway could perhaps be treated with being the pioneers...

The evolution of the railway system in the eighteenth century greatly affected the quality and the quantity of accommodation used in conjunction with travel. The growth of the railways also brought to a speedy network of state coach services. The great number of people who flocked to various urban towns in search of employment and also entertainment need for accommodation nibbled promising and enterprising people to build hotels

and inns in many urban towns to cater to an increasingly local market and also to serve the large number of travelers carried by the railway. Although the earliest hotels date to the eighteenth century, their growth on any scale accure only in the following century when the railways created sufficiently large market to help and establish large hotels possible. In region during this period a large number of hotels are developed along the main railways and highway routes in major towns. Substantial development of the hotels thus awaited the volumes and the type of traffic only the railway could bring. The main changes in the demand for tourist accommodation have come about from changes in tourist transportation and in the popularity of different forms of holidays. After the introduction of the motor- cars and the aircraft, a large number of hotels sprang up at various tourist areas and destinations.

Therefore, transport plays an important role in the successful creation and development of new attraction as well in the healthy growth of existing ones. Provision of suitable transport has transformed hidden places of tourist interest into active and prosperous places attracting multitudes if tourists. But these are some general objectives of a transportation organization for example

- (a) Various forms of transport should provide fast frequent regular, reliable and efficient transportation services for passengers and mail at reasonable cost to the public
- (b) To run the system at a reasonable profit and not as a burden on the general public

(c) Recreational and amusement facilities available in the region

For the growth of tourism industry, availability of recreational and amusement facilities, play a vital role. Today tourists wish to have comfortable and convenient hotel, restaurant and facilities of recreational resources.

Different recreational resources attract different people. Some prefer natural recreational areas such as scenes, forests and mountains, others

are appealed to by man made resources such as historic and architectural monuments, museums or ethnographic features.

Appropriate resource management methods can perpetuate the geological and physical components of recreation areas without laminating resources uses. However, compatibility between out door recreation and natural resources is crucial to a sound policy. When the choice is to be made between hard tourism and soft tourism, the latter should always be preferred.

Any form of recreational activity, which employs parsimonious use of resources, would be most suitable. Appreciative symbolic activities such as nature spotting, photography, bird watching and the like can be suggested and which should be organised and managed after studying impacts in various environments. It would be a kind of defensive tourism that would act as a bulwark against negative force.

For the growth of tourism industry, there are some factors that should be kept in mind. The town should provide various reaction facilities, for example natural and pleasant atmosphere, streams, gardens, boating, clubs, cinema halls, swimming pool, play grounds and other facilities like banks, post and telegraph offices, hospitals, etc. all of these factors can attract tourists. There was no need artificially developing tourist attraction like night clubs, gambling or other sophisticated night life. In order to cope up with the phenomenal growth of holiday traffic, there is need to develop air, beach, resorts mountain resorts and other places scenic beauty and provide the places of scenic beauty and provide the basic infrastructure facilities in these places. An integrated part of the tourist plan therefore, is the quantitative and qualitative development of various entertainment media, besides restaurants and facilities for shopping. Restaurants and hotels have to maintain international standard of hygiene and sanitation. Recreation, international activities and sight – seeing comprise a major components of tourism. Thus, considerable thought and efforts should be devoted to the type of facilities which visitors are to be engaged in, special

events world exposition museums, sports, etc. are also a great attraction for tourist.

Tourists want entertainment and recreation at the destination. As a result of the rapid growth of means of transport centers of commerce and trade often with strong historical and cultural association good communication as well as accommodation, entertainment and shopping facilities have become the most prosperous resort for domestic as well as international tourists. The influence of holiday may be regarded as a separate factor in the location of facilities. The necessity of resorts for treatment and recreation brought into existence distinct type of establishments. In addition hotels may provide large convention hall, which should be appropriately fitted with necessary equipment and facilities and suitably furnished. It all led to the situation of this establishment along the coast and in hill resorts. Concentration of entertainment is important factor which helps in the choice of location of hotel. Creation of attraction swimming pool, golf course, tennis courts, riding tracks, sailing and boating lakes among landscape appreciate the value of the location. All listing facilities regarding hotel and catering in the area must be thoroughly surveyed from time to time. Accommodation and catering facilities operational data, the attitude of the community to existing facilities, proposed and planned new facilities and the likely new facilities the availability of new sites need to be developed. Physically the customer wants comfortable, clean and safe places to live in satisfying food and beverage and prompt services. Socially the guest wants a pleasant atmosphere, good entertainment, and relaxation. Psychologically, he expects to be treated with courtesy as a guest and have the feeling that he is getting his money worth. Therefore, hoteliers realize the importance of various conventions and not only do they strive their best to attract such meetings to their hotels, but put in every effort to turn these conventions into grand success. However, it must be noted that for first class convention facilities, there must be available the required function and stay accommodation, satisfactory entertainment, recreation, food and beverage arrangements suitable

ground transportation, sight – seeing services with local and other tours readily available good ladies programmes and shopping for souvenirs

(d) Development of Education & Research

Efficient and professional management is an obvious prerequisite of successful tourism development. Of equal importance, however, is the equality of staff training, which is often relatively neglected during the early stages of tourism sector development. Special attention, therefore, will have to be given to needs in manpower and personnel to be trained and rendered qualified for the various tourism professional. Therefore, an institute of tourism has been already planned at the national level. It is proposed that the institute will train personnel for the tourism and hotel – industry and will conduct research on the complex and challenging problems at different aspects of tourism. Some of the hotel management institute and universities have already started studies on tourism.

(e) Role of Different Agencies – Tourism Department, Local Authority & State Government

in the beginning of present century creation of tourism department was aimed at providing certain information of tourist places to the incoming tourists. The department guides to tourists and provide certain other services to them. In Bundelkhand region, there are four tourist offices located at Jhansi, Mahoba, Chittorkot and Hamirpur. These offices are also entrusted with the responsibility of distributing literature about the places of tourist interest, accommodation, conveyance, aerodrome, etc. These offices are also required to keep the list of the standard shooing complexes and the tourist guides, hotels etc. In Bundelkhand region tourism department has constructed car-parking sites for private cars in recent years. This department also takes care about the cleanliness of tourist places and makes surveys in town in order to beautify them and creates new places for tourist interest.

In the region, the tourists offices undertake the following activities for the promotion of tourism –

- (a) To reply the letters of enquiries by domestic tourists as well as foreign tourists.
- (b) Main tourist office of Jhansi collects information about the important places of tourist interest in region and gives the wide publicity through local newspaper, radio, and television. This office had already made documentary film about tourism in region and other surrounding places. These films are shown free of cost. This department also publishes the booklets about the tourist places and these are distributed to the tourists free of cost.
- (c) This department also issues identity cards and railway concession forms to the tourists.
- (d) In Bundelkhand region, tourist department arranges tours to the picnic spots for the amusement of the tourists regularly during summer seasons.
- (e) For the recreation of tourists, this department organizes cultural and musical shows. In Jhansi every year this department organizes various programmes in the town. Time to time, they also organize the exhibitions. This department also keeps liaison with the archeological department, hoteliers, transport operators etc. and they look into the grievances of the tourists pertaining to shop – keepers, taxi owners, hoteliers guides etc, and takes necessary steps to forward them to the concerned officers for redressal. Main tourist bureau in region had open transit counters of providing important information to the tourists. They distribute tourist literature to transport agents, hotel units for promoting arrangements for imparting training to guides and organize periodically foreign languages courses. They also provide boarding and lodging facilities to the tourist at a responsible policy. And draw various schemes to promote the development and the growth of hotels and ancillaries. This department also collects and publishes statistics of tourist arrival. In region, this agency had opened reception counters at aerodrome for receiving foreign tourists and to make arrangement of their stay and tour programmes. The department had provided interest subsidy to approved hotels on loans advanced by

financial institutions to construct hotels. This interest subsidy is up to 5 percent in the case of one star and two star hotels and up to two percent in case of others.

In Uttar Pradesh, the tourist department contributes in an indirect manner to the growth and development of hotel industry.

(f) Formation of the Ministry of Tourism

It was on 1st March, 1958 that a separate tourism department was created in the Ministry of Transportation to deal with all matters concerning tourism. The new department was put under the charge of the director General who had under him one deputy director General and four Directors each in charge of administration, publicity, travel relations and planning and development.

By the Presidential order dated 14th March, 1967, the department of aviation and tourism which was under the ministry of transport and civil aviation was formed into a separate ministry designated as the Ministry of tourism and civil aviation, with two constituent department. (1) Department of Aviation and (2) Department of Civil Aviation. The ministry was put under the charge of a full time minister. It was after nearly eighteen years that the subject of 'tourism' was accorded a separate entity and become independent of transport. With the formation of the new ministry of tourism and civil aviation, tourism got the importance due to it and thereby achieved all – round expansion in its activities.

The function of the Union Ministry of tourism and Civil Aviation in terms of specific responsibilities are:

- (I) Organization of meteorological services.
- (II) Provision of aerodrome, regulation and organization of air traffic, aerodromes, aircraft and air navigation.
- (III) Provision for the safety of aircraft.
- (IV) Carriage of passengers and goods by air.
- (V) Establishment of Corporations under the Air Corporation Act, 1953.

- (VI) Establishment of Railway inspectorate.
- (VII) Development of and promotion of tourism
- (VIII) Establishment of youth hostels.
- (IX) Establishment of close contact with other ministries in respect of promotion of tourism.
- (X) Co – ordination of various activities through various committees of Parliament and other associations.
- (XI) Negotiations with international and bilateral agencies.
- (XII) Planning and organization of tourist activities throughout the country in collaboration with the State Governments and the planning commission.
- (XIII) Enquiries and statistics for the purpose of any of the matters specified in this list
- (XIV) Implementation of treaties and agreement in relation to any of the matters specified in this list.

In other words, the Union Ministry, gives advice on Civil Aviation and Tourism matters, coordinates civil aviation and tourism programmes and policies, supplies, technical information and provides financial and other assistance. Thus it mainly guides, assists and coordinates. The ministry formulates national policies of civil aviation and tourism with the assistance of expert committees and the Board.

(g) Department of Tourism

The department of tourism becomes an attached nonparticipating office of the Ministry of Tourism and Civil Aviation headed by the director General of Tourism. The director General of tourism carried an ex – officio status of an Additional Secretary to the Government of India. Although an attached office, the department is both a policy – making and an executive organization and corresponds directly with the other ministries and departments of the Central Government and the State Government. The Director General is assisted by the one Additional Director General, one Joint Director General, a Deputy secretary and five deputy Director

General. The function of the Department of Tourism are both promotional and organizational which are conducted by the following seven divisions:

- (I) Planning and programming
- (II) Publicity an conference
- (III) Travel trade and hospitality
- (IV) Accommodation
- (V) Supplementary accommodation and wild life
- (VI) Market Research
- (VII) Administration

Therefore, a person working in research, planning and development should have the4 capacity for hard work and practicality. The research is to be conducted with a view to the preparation, planning and application of a tourism policy and a sectorial programmes. In the present time, in India various universities have started tourism as a degree course in the school level catering and hotel management is being taught as a subject in the education 10+2+3 system.

Creation of Ministry of Tourism and Opening of Tourists Offices:

In 1984, ministry of Tourism and Civil aviation, government of India, set up an apex body for all these institutes – National Council of Hotel Management and Catering Technology to private direction to these institutes and to offers high levels executive development programmes in hotel managements. Government has also set up an Institute of Tourism and Travel Management (ITTM) to provide Post – graduate level training in tourism management.

MUNICIPAL BOARD

With the influx of more and more tourists every year in region and surrounding, the Municipal Boards of this town have undertaken various activities to boost tourism in order to strengthen the economy of this place. The most popular activities are the development of picnic spot in Orchha. So in the recent years, many new places have been created and beautified. Besides, the Municipal authorities are keenly interested to

extend more facilities to the tourists with a view to encourage tourism in the region.

The Municipal Boards have also undertaken the repairs work at the old and obsolete roads in the region, which remain neglected for the past two decades. Local authorities also organize autumn festival almost every year for the amusement of tourists. During festival season display of folk music, dancing and other cultural shows attract a large number of tourists from distant places. In addition, local folk also come in thousands to see the revival of the historical festivals of Bundelkhand. Every year about one lac local authority on autumn festival programmes spends rupees.

Municipal boards play an important role in the growth of economy structure. Every year they prepare various plans for town and to develop better structure of the economy.

The city board, which once even supplied electricity to its people is now primarily concerned with the sanitation, lighting and the up – keep of roads in the city. Thus it can only achieve these objectives by governing more financial resources for the city board. For though the city board is meeting out its primary obligations of distributing salary and providing civic amenities, it does not give enough surplus funds to improve on a large scale the general civic amenities obtaining in the city.

The annual budget is of about Rs. 2 crores out of which around thirty-five percent on sundry expenditure is envisaged, is pre – budgetary estimate it is 60 lacs which includes government grants, for street lighting it is 5 lacs including government grants, for health department it is about 3 lacs. The main income head of the city board are passenger tax and house tax. Out of the total income the share of passenger tax and house tax is about 60 lacs and 20 lacs respectively. The other heads of revenue are license fee, registration charges, rent, etc.

4. Role of Hoteliers in Promoting Tourism in Bundelkhand region.

In the beginning of the present century, travel was confined to a very few rich people in the country. But now with the rise in income of the people coupled with fast technology advancement and greater break – through in transportation industry, holidaying outside the native place finds favour with all people including middle and working classes. More travel by all is the fact that helps hotels.

Hotels are important part of country's tourist industry. In absence of sufficient hotels, the tourist trade cannot flourish. The hotels are covered by service sector since they satisfy the demand for accommodation, food and drinks, etc. The hotel industry's main aim is to satisfy the need of community for meal and accommodation and that is why it is covered by service sector. The character of hotel need of the touring community. This industry cater to the need of all category of tourist. So the hotel units have heterogeneous character, yet all units as a group may be termed as Hotel industry.

A country's economy must develop hotels if it wishes to build tourism. In fact hotel industry acts as kingpin in the promotion of tourism with the rapid growth of industrialization of transport and means of communication. People now – a – days undertake frequent tours for attending business work, receiving education, enjoying holidays and fulfilling social obligations. To cater to the primary needs of the accommodation and meals, adequate hotel accommodation is a *sin – qua – non* of all the activities connected with tourist trade.

In Bundelkhand region, especially Jhansi region, tourism manifests itself strongly in the way of life of the people. Greater need for the general infrastructure for tourism like hotels, restaurants, transportation, entertainment, etc. follows. It appears that large-scale resorts should be developed considering demand for travel and recreation.

On the other hand, the construction of roads and better facilities of transportation have contributed a lot to the promotion of tourism and hotel

- industry. Today, there is a steep rise in the number of tourists visiting Bundelkhand. There has been a corresponding increase in infrastructure and hotels which have successfully carried in large numbers in the region under review in order to cope with the heavy tourist traffic.

The hotel industry in Bundelkhand region is one of the most important service industries. Since ancient times, people used to visit Bundelkhand region and its neighboring towns particularly in rainy and winter season. Lacs of people visit the Orchha and Khajuraho. Quite a large number of them also visit Bundelkhand region of Uttar Pradesh and its neighboring places like Khajuraho, Orchha etc.

During the British rule, the tourist traffic towards this region specially Khajuraho increased considerably consequent upon the discovery of some new temples of tourist interest around this region.

After the 11th September 2001, the tourist traffic was very low but now day by day the tourist influx has increased and hotel industry has come into prominence now.

Hotels have become the vital and essential part of the tourist industry in the region. Bundelkhand region has a great tourism potential and is known for its unique culture and natural attraction and the contribution of tourism and hotels is of singular nature

In Bundelkhand region different type of hotels can be seen. Some of them are start category hotels, they provide various facilities and beauty services to the tourists. For Hotel Chandela (Taj Group). Hotel Usha, specially in Khajuraho. In Jhansi, like Hotel Sita, Hotel Chanda, Srinath Palace and many more around Jhansi.

The business of a hotel depends on the number and quantity of guests who avail its services. There are generally two types of customers of hotel services – Foreign tourists and domestic tourist. Foreign tourists are affluent customers who spend on hotel services per day/ night of stay. Domestic tourists generally out – number the foreign tourists. Hence both are important and add to hotel income.

All tourists avail of following services and spend money on these items:

- (a) Accommodation
- (b) Food and beverages
- (c) Purchases
- (d) Sight – seeing and amusement
- (e) Local transportation, and
- (f) Others.

Well-planned investment in various sectors of tourism accommodation, transport, resort, areas and other ancillary facilities and services has given high returns. Hoteliers earn income through selling room for nights, food series and other services to the tourists.

The hotels provide lot of income during the period beginning from June and ending in the month of April, the peak period being September to March.

The annual earnings of hotels vary considerably depending upon the number of visitors. Hotels are jam – packed to the full capacity by the visitors during the peak season. Now days, there is good business during the winter also. Disturbed law and order condition in Jammu and Kashmir have diverted the tourist traffic to Bundelkhand and its surroundings.

CHAPTER V

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CHAPTER – V

1. INTRODUCTION:

The tourism industry is very susceptible to global events and happening. The last couple of years have been the worst years of the industry. After the 9th September incident most of the top airlines reported losses and some of them filed for bankruptcy (Swiss Air, Sabena, Qantas American Airline), the hotel industry was also not spared by the event as most of the hotels showed a 30% dip in the occupancy rate during the event. The war in Afghanistan and in Iraq added to the slump in travel industry. Now, SARS has affected this declining industry; most of the middle class Indians who could afford a holiday in the South – east Asian countries have canceled their plans for this year .

Having said this, the fact remains, that the industry is undergoing both a consolidation as well as innovative phase in terms of sales and product development.

There has been a substantial growth in terms of domestic travel, both in terms of exploring new locale within the country as well as pattern of travel (changing from Train to Air) due to the prevalent offers.

(a) Concerns

The priority issue is about creating a global image / brand called 'travel to India' or on similar lines in the high-income market. The Government of India for infrastructure, boutique hotels in terms of tax benefits etc. have given support so that they can compete with the bigger players and offer similar services to their clients at better rates. And above all to create tourism in India as preferred industry which brings in substantial revenues and is capable of doing much more.

(b) Outlook

Internet is becoming a very powerful medium of information for booking of hotels and airline tickets. Close to 80% of people worldwide source travel information via the Internet regarding airline, hotel or travel websites, out of which 15% really book via the Net. This rapid growth happened in less than five years. In India most of the airlines as well as hotel have realized the potential of this medium and are propagating the usage. Technology and automation is also a great contributor to this growth and in the coming two to three years should see a major thrust in the medium.

The past two years have taught the industry in India not to take anything for granted, which has also helped the industry as a whole to evolve into a more proactive, innovative and focused one, which should bear fruit in the coming couple of years

(c) Initiatives of Traveljini

- Traveljini is a travel portal that caters to the needs of the traveler. It presents the user a variety of offers on travel holidays, hotel bookings and airline tickets (international as well as domestic) along with other travel services like forex, travel insurance, information of hotel properties etc. Since it is online the user can log onto the site anytime of the day and make a booking or surf for travel information.

- An IATA recognizes gives the leverage to get the best of fares and deals from all the airlines operations from India (domestic as well as international airlines.)

(d) Mobile Brands

Mobile brands provide travel content and holiday deals to the following mobile brands Orange and Hutch, IDEA cellular, Reliance, Escotel, Spice etc.

(e) Banks

- Have online payment gateways associations with best of banks: IDBI, ICICI, GTB, Centurion Bank – They power intranets for travel holidays for HSBC and ICICI.

GROWTH & DEVELOPMENT OF TRAVEL AGENCIES

2. Early History of Tourist Travel

Humans have traveled since long and even depends on others for travel. However, the concept of a travel agency in the modern since originated in England.

The organization and sale of travel as it is known worldwide today, really began in July 1841. A book salesman Baptist preaches of Derbyshire was on his way to a meeting Leicester when he was inspired with the idea of engaging a special train to carry the friends from Leicester to Loughborough in England and back to attend the quarterly delegate meeting. He thought that it was sounder proposition to persuade a Railway company to carry a trainload of passengers at a very cheap fare than to run the train at 'standard Fare'. The man was Thomas Cook & his ideas was put into operation with characteristic speed and efficiency.

A few week later 570 travelers made their journey by Midland countries Railway at a reduced fare. This was soon followed by excursions to various others places and in 1843, 3000 school children were taken to a trip of Derby from Leicester in England.

However, Cooks real beginning as a mass excursionist was from the Liverpool – Caernary on trip of 1845. Cook advertised this trip, which caused a sensation. The response was to overwhelming that a second trip had to be arranged. Cook made thought of every detail. Soon in the year 1846 and 1847, he planned trips to Scotland. From 1848 to 1863, Cook organised circular tours to Scotland with 5000 tourists a season. Soon tourists that he began to organize Foreign trips including the continent of Europe, the United States and the Holy cities.

The Grand Circular Tour

By the mid – nineteenth century holidays away from home had become a customary for a larger social group than ever before. Cooks initiative and organizing genius provided the great impetus to his personality. In the year 1851, he conducted excursions trains to the Great Exhibition. Altogether, Cook conducted tours for 165000 people from the Crystal Palace. In the year 1865, he succeeded in organizing his first 'Grand Circular Tour of the Continent'. The tour was to successful that it had to be repeated for six weeks more.

Cook's Paris excursion was the first true 'package tour'. All the details of transport and accommodation were pre – arranged. Cook made personal visit to different countries to familiarize himself with their touristic attractions and facilities. In 1863, Cook visited Switzerland where his ideas were acclaimed by hoteliers and railway proprietors.

In the year 1860, Cook introduced the railway and hotel coupons. He personally examined the system by traveling himself through Italy to Vienna; down the Danube into Hungary the world accepted his coupons. By 1868 onward Cook arranged regular tours of Switzerland and Northern Italy.

Thomas Cook had established their first office at London in 1865. His son, John Mason Cook left for India and established offices at Mumbai and Kolkatta and formed the Eastern Princess Department. In 1887 this department arranged the visits of Indian in Princess to Queen Victoria hand Jubilee celebrations.

By taking advantages of nineteenth century advances in transport technology, Thomas Cook and son had made a revolution in tourism. Tourism was now an industry. Armed with Cook's hotel and rail coupons, the tourists could demand uniform process, services and accommodation; it gave tourists more comfort and convenience.

The management of the company passed on to John Mason Cook's three sons in the year 1898. At the time of John Mason Cook's death, the Cooks business included three main aspects to travel – selling out, banking and shipping. Soon after the World War II, the British Government acquired the principal interest in the company. In 1972, the British Government sold company had taken great strides, together with its Associates having over 700 offices and more than 13000 employees spread throughout the world.

The American Express Company

It is interesting to know that the two largest worldwide travel agents. Thomas Cook and sons and the American Express Company had their origin in the same year 1841. while Thomas Cook persuaded a railway company. Henry wells started his freight business in USA.

The American Express Company, popularly known as AMEXO, is the world's second largest company after Thomas Cook & Sons. Besides selling tours, the company deals with traveler's cheques. The American Express company also buy and sell huge amount of foreign currency. This company also gives the facility of credits cards. These cards are accepted by the hoteliers and to buy air ticket. This company also provides facility of Life Insurance and Property Insurance.

Introduction to Air Travel

Much have changed since when Thomas Cook chartered a train to carry travelers at a reduced rate. Thus Thomas Cook can be credited for being the first bonafide travel agent to work as a full – time professional. The scope of the roles of these two companies was limited as at that time mass tourism was not began. It was, however, due to the introduction of Air Travel, which gave a boost to the travel agency business around the world.

Continuing development of transport system especially Air Travel is the root cause of today's upward surge in travel. Apart from this rapid development in industry and technology, all aspects of life have become more and more complex. The job of a travel agent has also changed a lot since then.

Mass Holidays and Mass Tourism

It was in the last quarter of Nineteenth Century that the concept of mass tourism emerged along with the introduction of holidays with pay to working class people. During this period few factories gave paid holidays to their worker. But with the introduction of annual paid holidays, things have changed a lot towards mass tourism. By the year 1939, in U.K. some 11 million people were covered by the holiday with pay Act, 1938. this had led to a revolution I development of modern mass tourism and it led to a great mobility of the population, creating new tour avenues.

In the year 1936, modern tourism really got under way, when International Labor Organization (ILO) adopted the first convention to support an promote paid holidays tourism. Paid holidays are now established all over the world and most countries a minimum of one to three weeks are specified. In India Leave Travel Concession (LIC) is provided by various Government Departments and Public Sector Undertakings to its employees. Presently the main potential for tourism markets is made up of wage earners and their families.

The First World War was responsible for a temporary halt to tourist movements. There war considerable decline in tourist travel not only within Asia but also all over the world. However, soon after the tourist travel quickly picked up the pre -war level and within a open of three to four years. It has grown further. The war has brought about many changes for example, breaking down international barriers and resulted in fostering of an ideal optimistic, peaceful internationalism, which is a suitable climate in which tourism is mostly to flourish.

The Second World War marked as a watershed to the tourism industry. Post war era also saw rise in air travel and living standard of working and middle – class people in American and European countries. The early travelers had advanced from the scholar and the pilgrims of the past to the pleasure seekers of today.

After the Second World War, the road and airports, which were built during the war, later helped the movement of people for the purpose of travel. Since the end of the Second World War, tourism has developed more rapidly. As the world began to settle down after years of readjustments after the war in 1945, there has been remarkably a rapid increase in both domestic and international tourism. The United Nations reported that during ten years period between 1955 –1965, the number of tourist arrivals in some sixty-five countries have trebled from around 51 millions to cover 157 million. In 1976, there were nearly 220 million international tourist arrivals around the world. This is an increase of more than 90% over the year 1965.

3. Development of Modern Means of Transportation – Air, Rail and Road

The growth of tourism industry depends on transport system. The growth of transportation is linked between the various states, cities and villages. Better transport system can increase the number of visitors and relations with other countries can improve a lot. Transport system supports the diplomatic channel, growth of market items, development of technical, professional and commercial support. Due to absence of roads and other transport facilities, travel had to be in hard way and this led slowly to development of land routes.

In Bundelkhand region, transports are the lifeline of tourist movement. This region is linked by rail, road and air transport services to different places. Every year a large number of tourists visit this region because it is base camp linking various important tourist centers and its surroundings.

The tourist industry of Bundelkhand region can be development on the pattern of Switzerland where it is well organised. At Jhansi railway station various forms transport facilities are available for tourists. All types of services for accommodation and food are amply available in the city. Various Travel Organization are always ready to extend their services.

The climate of this region is conducive to the growth of tourism. Due to increase in the population and inflow of tourists, there is a tremendous in the number of cars, taxis, motorcycles, buses, trucks and other transport system.

The railway is the main means of travel, which serve the needs of the people since long. The well connectivity of railways specially from national capital and all the south trains passes from Jhansi. It brought a significant change in tourist activity. A large number of domestic tourists specially on long routes, prefer to travel by rail rather than by road.

Air transport has revolutionized the whole industry and most of the international tourist takes advantage of this improved facility of transport. Air travel has reduced the geographical distance and also helped in saving time.

Today, there is a stiff competition between the road, rail and air transport systems. The consequences of these changes formed one means of transport to another, is the change in the structure of tourist traffic. Efforts have been undertaken by the railways to earn profit from the new technological revolution by modernizing their methods and achieving greater efficiency. The railway remains to those new visitors to tourism as the ideal form of transport. The price elasticity of demand of tourist confirm this ideal. Every increase in railway and coaches and a positive elasticity for the private motor cards and airways. Travel by train offers to the tourist an insight into the large country and its people. It passes through forests, riverside and town, villages and green vegetation and taken one back into glorious past.

For internal transport tourist department offers the bus –coaches service but now travel agencies provide their own taxis and bus services. Better transport system promotes number of tourists and they require accommodation and large number of travel agency and hotels are established. The location of the travel agencies should also be determined on the basis of transport routes and facilities.

Travel has created demand for a home away from home. It is not surprising that there should be a close connection between growth of accommodation facilities and development in the modes of transport. As a result travel agencies and hotels are constructed along the main highways in principal towns. Accessibility is a crucial factor as it is a means by which tourist can reach the area where attractions are located. The tourist attraction that is linked by a net work of efficient roads and can be easily reached by air receives the maximum number of tourists. The distance is also an important factor determining the tourist's choicer of a destination; easy accessibility thus is a key factor for the growth and development of tourist movements.

The demand for some kind of accommodation away from home is an important function of travel. It is, therefore not surprising that the main influence on the development accommodation facilities has been developed in the mode of passenger transport. In the field of mass passenger transport, railways could perhaps be treated as the pioneers.

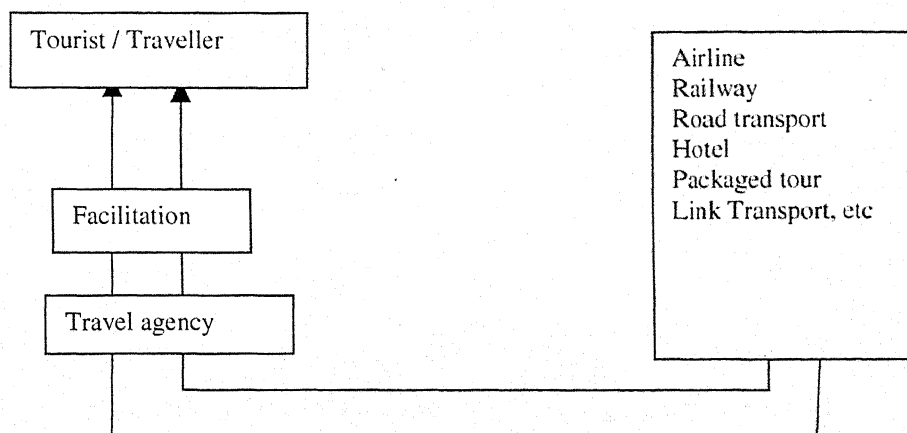
The evolution of railway system in the eighteenth century greatly affected the quality and the quantity of accommodation used in conjunction with travel. The growth of the railways also brought to a speedy network of state coach services. A large number of people who flocked to various urban towns in search of employment and also for entertainment needed some kind of accommodation. This need of accommodation enabled promising and enterprising people to build travel agencies, hotels and inns in many such urban centers to cater to the need of increasing local market and railways. The main changes in the demand for tourist accommodation have come about from changes in tourist transportation and in the

popularity of different forms of holidays. After the introduction of the motor – cars and the air – crafts, a large number of hotels sprang up at various tourist areas and destinations.

Therefore, transport plays an important role in the successful creation and development of new attractions as well as the healthy growth of existing ones. Provisions of suitable transport have transformed hidden places of tourist interest into active and prosperous places attracting multitudes of tourists. But there are some general objectives of a transport organization, for example (a) various forms of transport should provide fast frequent regular, reliable and efficient transportation services for passengers and mail at reasonable cost to the public, (b) to run the system at reasonable profit and not as a burden on the general public.

4. Emergence of Modern Travel Agencies –

(a) Meaning of Travel Agency- Travel agency as the name suggests, is responsible for organizing travel. It in fact, is a travel consultant and organizer for the tourist. At the same time, it provides a link to the suppliers of services with the tourists/ travelers. Hence we can say that a travel agency is like a retail store, the uniqueness being that it acts on behalf of both the suppliers as well as the clients, for example, a tourist visits a travel agency to meet his travel demands. The travel agency books his air tickets, arranges for his pick from the airport, booked hotel accommodation for him and so on. Now at the surface, it appears that it is only the tourist who are being catered to and looked after. However, a close scrutiny reveals that the travel agency has also served the airline by booking the seat or the hotel by booking the accommodation. In all these services, the travel agency has provided business to the suppliers of services. While serving the tourists at the same time. This is the role of travel agency whose role is growing more and more in the modern world. Not every traveler has the energy or time to organize all travel arrangements. The suppliers too don't have the reach to every prospective customer. Hence, the need of travel agency. A travel agency also sells the packages of tour operators or hotels.



(b) Profile of Modern Travel Agency -

The scope of the functions of a modern travel agency has widened greatly over the years and especially after the introduction of jet air – travel. The activities of the travel agent in the context of modern tourism can be described as – “to give advice to the potential tourists on the alternative destination and to make necessary arrangement for a chosen holiday which may, involve the booking of accommodation, transport or other relevant services”.

As the travel agent has accumulated knowledge, expertise and contacts invaluable intermediary. The retail travel agent provides a direct link, between the consumer (traveler) and the suppliers of tourist services i.e. airlines, transport, hotels, auto – rental companies etc. The duties of a retail travel agent are that of the one who act as a principal of a school. A commission thus rewards the travel agent

Functions

The travel agency business is one of the important branches of tourism. The functions of travel agent consist of advising travelers and booking on their behalf transport and accommodation service etc. Now days, due to the expansions of tourism, the travel agent play an important part than merely acting as a go between consultant or an advisor. The main agent acts as distributor (retailer). He relieves the hoteliers, transport companies and other manufacturers of travel services from the need of opening sales branches over wide areas. It has been estimated that 90 percentage of

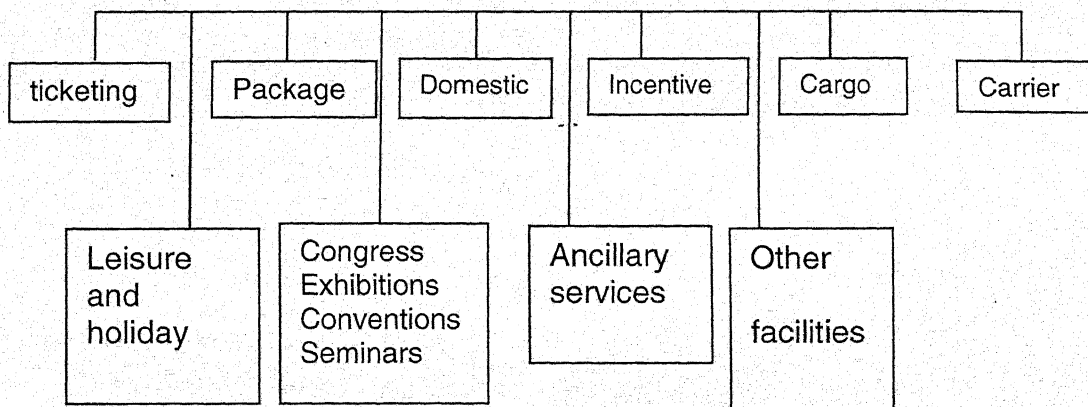
tourists use travel agents for the purchase of transport tickets and take assistance in making their travel arrangements. The wholesalers of travel known as creative travel agents out and sell inclusive tours make arrangement with transport operators, hotels and other services to look after their parties. They sell on a more or less speculative basis for complete tours at an inclusive basis to the tourists.

The function of a travel agent does not end after selling a tour to a customer. In fact, this is only the beginning. A travel agency is a service organization that caters to the complete requirement of tourists such as advice on travel, places to be visited, information on facilities available, the reservations for the travel, as well as hotel accommodation. Besides ensuring air / rail / sea reservation for onward journeys, sight – seeing arrangement, evening entertainment etc.

The agent is also responsible for the promotion of tourist traffic to a particular country or area. He, therefore, must possess a wide and intimate knowledge of travel in all its aspects to be a successful agent and this takes time and experience. There is no short way to it.

The functions of a travel agency also depend upon the scope of activities it is involved in and also the size and location. If the organization is large, then the range of activities will be wider. In this case, the agency will have specialized departments.

FUNCTIONS OF A TRAVEL AGENCY



Some of the functions of modern travel agency may be classified as follows –

- (a) **Provision of Travel Information** – The retail travel agent provides the tourist necessary information about the travel. This information is provided in a convenient location where the tourist may ask certain questions and seek classification about his proposed travel. This is a very specialized job and the person behind the counter should be an experienced and a knowledgeable man. The persons behind the travel counter should be able to communicate with the customer in his language. The knowledge of foreign language is an essential thing for a person working in a travel agency.
- (b) **Preparation of Itineraries** – Preparation of different types of itineraries is another important function of travel agency. A travel agent gives advise to intending travelers on the type of programmes which they may chose for their holiday or business travel.
- (c) **Liaison with provision of services** – Before the travel the customer had to make contracts entered into with the providers of various services. These include transportation companies, hotel proprietors, surface transport, etc. and also for general servicing requirements. This wok is generally carried out through employees of travel agency.
- (d) **Planning and costing tours** – After the contracts and arrangements have been entered into, there comes the task of planning and costing tourist. This job is challenging and interesting. This job calls for travel to those places which are to be included in the itineraries. Publicity is an important part of the programmes. The majority of modern and large travel agencies have their own publicity department.
- (e) **Ticketing** – Selling tickets to clients using different modes of transport like air, rail, and sea is yet another important function of a travel agency. This calls for a thorough knowledge of schedules of various modes of transport, air – carriers, railways and steamship companies to various destinations. An up – to – date knowledge about various schedules of airways, steamships, railways etc. is

essential. Modern travel agencies are now also using computerized reservation system to reserve an air or rail accommodation and also accommodation in hotels.

Accountancy plays a great part in the successful running of a travel agency. Dealing with the settlement of accounts calls for a thorough knowledge of foreign currencies, their cross values and up – to – date knowledge of foreign exchange regulations.

- (f) **Provision of Foreign Currencies** – Provision of foreign currency, travelers and cheques, etc. to the traveler is also a specialized activity of travel agency as it saves a lot of time and energy in avoiding regular visits to banking channels by the tourists.
- (g) **Insurance** – insurance, both personal accident, risk and theft of baggage is yet another important activity by the travel agency. The most successful and famous travel agency in India is SITA world travels limited. A brief account of various activities and facets of this successful and growing travel agency is given below.

(h) **Guide, Literature or Manual for Travel Agency Business**

There are some guides at international, national and local level, which are useful in travel business. These manuals include all guides and schedules, which cover all area travel and are very important part of any travel programmes. To answer the accurately and promptly the queries from the clients it is advisable to consult these manuals. Each of one these provide 'how to use sections'. All skilful and experienced travel agency staff uses these useful guides along with the telephone toll free numbers and even the online computer reservation system to find the answer. Any one dealing with travel agency business should learn to use official airline guide and other similar quick easy to use guides in their daily work. For example, suppose you want to write a ticket for a client, you must know where to find a vast information and must in possession of all flight itineraries of all scheduled airline – departure and arrival times, airline flight number and classes of service available and the fares charged between any points.

Some of the major travel agency reference manuals are described as follows:

(i) **Travel Agents Hand Book**

All the travel trade practices are developed in this manual. It is an important hand book for the agent and includes the following general operational procedures:

1. Standard agent's ticket and area settlement plan.
2. Reservation procedure
3. Ticketing instructions.
4. Transportation and tax regulations
5. Commercial credit card instruments
6. Free and reduced rate travel
7. Bond requirements
8. Procedure to change name and / or location and / or ownership of a travel agency.

(ii) **Official Airline Guide (OAG)**

OAG contains schedule needed to provide the client with an itinerary anywhere in the world. It is published monthly and is divided into three parts with the following contents:

FRONT SECTION

1. Abbreviations
2. Reference marks
3. Flight itineraries
4. Stoppness (last minute revisions)
5. Money and exchange rates.
6. Special fares
7. City / airport codes
8. Minimum connecting times

FLIGHT SCHEDULES

To find out what flights are available between two cities. All of the cities served by regularly schedule airlines are listed in alphabetical order.

BACK SECTION

1. Interline ticketing
2. Baggage agreement
3. Free baggage allowance and excess baggage charges
4. Indices acceptance of credit cards
5. Carrier acceptance of credit cards
6. How to use the OAG
7. Airline mileages
8. Car rental agencies
9. Worldwide directories

(iii) OAG Travel Planner and Hotel / Motel Guide

A convenient reference guide designed to answer the most difficult travel questions accurately and quickly. The OAG Travel planner contains different sections like.

1. Hotel / Motel system directory
2. Hotel / Motel representative services
3. Destination index
4. Major airport diagram
5. Metropolitan area maps
6. Colleges and universities
7. Domestic non- stop air mileage
8. Military installation
9. Direction of transfer related numbers
10. Aircrafts Statistics

OAG Worldwide Tour Guide

It is also a comprehensive, easy to use catalogue of over 5000 tours, each listed by destination, operator, duration, cost, itinerary and specific departure dates. There is a section of special tours and the latest inclusive tour charters. Every section offers a selection of escorted, independent, fly / drive and air / sea programmes available for each destination. It is published three times a year.

Emergence of SITA and its History

Few would believe that SITA, a leader in conducted package tours to all parts of the world, had its genesis in a student's bicycle joint. In the year 1933 Jack C. Dengler formed the Students International Travel Association in New York. Under its auspices a group of nine students want for a European tour in bicycles. Among these, was a girl, Helen who got married to Jack. In 1936 a proper office was opened in New York. It was named SITA. Soon the Denglers, opened a travel bureau – SITA wolrd travel Inc. after expansion in US, the first overseas office was opened in London in 1955. An extensive training program was mooted for personal SITA offices. Among these was Mr. Indra Sharma, Present chairman of SITA world travels India private limited, who returned to India and set up a small office at New Delhi in 1956. only three persons managed the office and in first year they handled eight groups of American tourists. Soon branches were opened in Mumbai and Kolkata. In 1963 SITA was converted into an Indian pvt. Ltd. Company though Jack Dengler was still the chairman and a major shareholder. The Indra Sharma provided the participating capital. In the same year SITA grew from a small tour operator into a full fledged travel agency.

In 1970, Dengler sold his entire shareholder in the company to Indian shareholders. However, SITA continues having associations with SITA offices world over and enjoys their confidence. SITA India is a member of WATA (World Association of Travel Agency) over the years marketing offices were opened in Paris, Milan and Frankfurt. Besides, local represented were appointed in London, Tokyo and Stockholm.

Today's SITA has a team of over 700 trained professional with offices in 21 cities in India and five overseas offices. It is not just a travel agency but has diversified its functions like human resources

development, publications, fellowships and the most recent one is a venture in the accommodation sector the heritage village.

Growth Study of SITA

From a gross turn over of 3600000 in 1963, today a company has a turn over more 112 crores with foreign exchange earning exceeding Rs. 40 crores. In the year 1992. in the last 20 years, the company has always being among the top three foreign exchange earning agencies. It handled 36000 passengers providing 2 to 5 lacs bed nights. The company shows a tremendous financial growth. The initial paid up capital of Rs.2.23 lacs (in 1963) has grown to 200 lacs (in 2000). In the same period the gross turnover has increased from 36 lacs to more 100 lacs. The net profit has also increased more than four hundred times. The following table gives a clear picture in this regard.

Table.5.1

(All figures in Rs. In lacs)

Year	Paid up capital	Gross turnover	Net profit	Total Assets	Reserves & surplus
1963	2.23	36.00	0.62	0.53	0.71
1973	4.50	623.00	11.52	7.01	6.93
1983	40.00	3310.00	24.07	71.38	29.95
1992	81.00	9430.00	251.36	139.20	427.02
2000	100.01	11200.00	450.00	174.89	600.46

5. Tour Operator in Bundelkhand Region

Tour operator is a person who provides information and plans and coordinates travel with various agencies to create a package or service. At the time he also ensures smooth operations of tour. He can thus, also be called a tour travel consultant or tour coordinator. The tour operator may or may not necessarily have any product of his own but acts as an

intermediary to tailor a package to meet the needs of travelers. In modern sense, a tour operations involves –

- (i) Information of the area of operation i.e. detail knowledge of the places of interest, accommodation and transport facilities and other logistics required for planning of tours.
- (ii) Planning the tour in an organised manner
- (iii) Coordination with the department concerned for hotel reservations, air – line, rail or road transport reservation, local assistance, guide, etc.

Operation of tour means a close monitoring of the tour so that the tour goes smoothly. In case of any failure, alternative arrangement is to be made.

There are different types of tour operators namely.

- 1. Individual / independent tour operator
- 2. A travel agency which also functions as a tour operators
- 3. Domestic operators like an air lines does the function of tour operators
- 4. Incentive travel agency who deal only with sponsors and not with the individual clients

There are three broad classifications of tour operators according to their functions –

- 1. Inbound – Who handles tours coming the country from overseas
- 2. Outbound – Who operators to other countries.
- 3. Domestic – Who handles tours for the people of the same country with in the country.

Modus Operandi of Tour Operators can be understood from the following examples.

One person in USA wants to visit India but does not know how to go about. He than approaches a travel agency who can help him. He needs

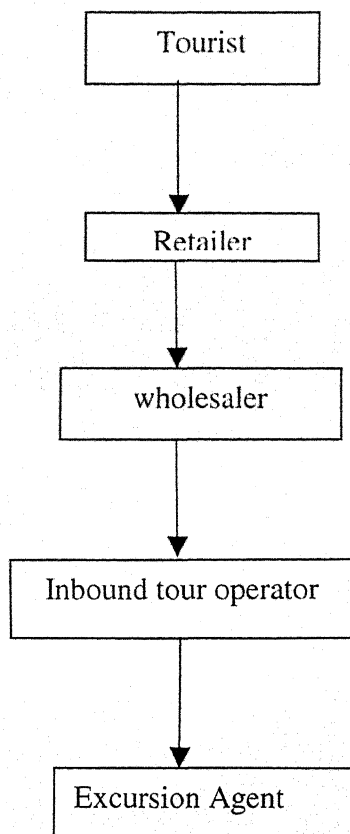
the travel counselor who find his interest, luxury, time for travel, season of travel etc. Then the travel counselor recommends the city and areas suitable to his interest. These are normally the tours produced by tour operators. Such tours have a schedule a date of departure and a set program. He then books his name in one such group. The operators collect people from all over the country and form a group. Message of this group with names, itinerary and flight details, etc. is sent to an inbound tour operator in India who arranges reservations for accommodation, transport and other places at the required places all over the country. Inbound tour operators give message to excursions agents in each city about the group strength, arrivals and departure details and request for services to be arranged in that city.

Excursions agents are normally requested to arrange –

1. Receiving the group at the airport and taking them to a hotel and vice – versa
2. Provide transport for the group to travel in the area.
3. Provide guides for sight – seeing
4. Provide tickets for entry fee for places of visits.
5. Any special services for the group.
6. Reconfirm hotel reservation
7. Reconfirm onward flight / train / bus reservations

And so the group moves from one excursions agent to another while inbound tour operators monitor the movement being the chief coordinator. This way the inbound tour operators are able to provide pick – up services, transport facilities and excursions at every city in India.

Table 5.2



ECONOMICS OF A TRAVLE AGENCY BUSINESS

The basic cost of the travel agent is the rental of his shop or office. If the agency is near the principal shopping center, the cost of the premises will be high. The salaries and wages of staff are the major cost. The majority of the staff are highly trained and experienced.

The travel salesmen women deal directly with the clients, and needs a general travel ability and background, knowledge of climate, places of interests to tourists, tariffs and customs laws.

Itinerary men and women work behind the scenes. They plan routes, transportation, hotel accommodation and sightseeing and make other arrangements as required. They pre – arrange every detail of the trip.

The tour conductor or escort is a representative of a travel agency. He goes alone on group tours, and is responsible for seeing that everything runs smoothly and that the tourists enjoy a comfortable and pleasant trip.

There are many other work in addition to those to have contact with the customers. Large agencies usually employ several administrative people and some agencies have publicity and advertising departments.

It is observed that the cost of operating this travel department taken together is almost exactly equal to commission abroad. An analysis of the profitability of firms in terms of their size indicate that while the small and the large firms were operating at a loss, the medium sized firms were making substantial profit. As may be expect in a service industry, salary account for a large proportion of total assets.

While going through the whole structure of travel agency, is observed that there would appear to be little opportunity of achieving economics of scale in the travel agency. It was also noted that it takes about another twenty man – minutes to serve one customer, then it takes another twenty man – minutes to serve a second. Thus for the most part, costs will rise proportionately with turnover.

The majority of the travel agents felt that IA commission (7 percent) was quite inadequately. They argued that there is a general increase in costs, the cumbersome cancellation procedure and the excessive number of staff required to serve.

In the case of international airlines, with the introduction of cheap fares, and with little or no reduction in the formalities which the travel agent have to complete on behalf of their clients, the commission is inadequate. It is suggested that as the airline could afford to undercut each other substantially, they could just as well afford to increase the commission paid to the travel agents.

Railway offers a commission of 3 percent. Due to the low rate of commission, several travel agents do not offer this service. They are of the opinion that their commission should be raised to 5 percent.

Hoteliers pay a commission of the 10 percent to the travel agents, which are considered to be the highest rate compared to others. In this case, the commission should be payable in the present.

Since that last few years, the travel agents have prepared from the enormous expansion of tourism and in particular form the part of the tourist movement. This expansion, although couple with a more or less fixed rate of commission has been fast enough to outweigh the onset of rapidly rising costs, particularly rents and staff costs.

Travel agencies offer several advantages for tourists.

- A travel agency has constant and quick connection (i.e. internet, telex, fax) with all the services required for the tourist's arrival. Transport, accommodation, meals, excursions and currency exchange are supplied immediately and the bookings made can be counted upon.
- A travel agency, owing to its constant and close contacts with tourist enterprises, has a thorough knowledge of the ways and means of ensuring that the services supplied will be of high standard.

The government should grant tax concession, subsidies and other benefits being extended to similar export industries. The allocation of foreign exchange for the purpose of promotional tours by travel and for other publicity purposes has to be sorted out. The government should give license to travel agents for import of vehicles and other ancillary for handling foreign tourist.

Main Partners of Tour Operator

The main partners of tour operators are –

1. Hotel Industry
2. Transport Industry

A tour operator must have the detailed knowledge of both these industries.

There are many tour operators working in Bundelkhand region some of them are –

1. Tourids India
2. Travel Bureau
3. India Tours and Travel
4. Cox & King in Khajuraho
5. SITA travel in Khajuraho.

Bundelkhand is very fascinating. It is a area where the past and the present blend so smoothly on the threshold of an exciting future. Visiting Bundelkhand is not an exhausting affair. Bundelkhand, after all is not an ordinary area.

6. Travel Organization in Bundelkhand Area

India is one of the few countries in the world blessed with a tremendous variety of tourist resources. But the country attracts only 0.4 percent of the worlds international tourism. A country which attracted foreign visitors throughout its history. India had legend behind in developing adequate infrastructure and creating the right image for internationals travelers. For any industry to develop, an organization is a must as it plays a vital role in its planning, development and growth. The aim of the organization is to arrange people into working groups in order to move efficiently to obtain a desired result from their combined action. In other words, an organization means combination of a group of individual whose main purpose is to achieve through group action the objectives for which it has been set up.

The organization of travel, may fall into two parts, first, there are sectors of tourism i.e. the various providers of tourist services – the hotel and catering services, the transport services and the entertainment services. Secondly, there are levels of tourist organization – national, regional and local. The organization of tourism can, therefore, be horizontal as well as vertical. The organization of tourist industry in any country varies widely as

there are a number of considerations, which influence the nature of organizational set up.

The national tourist organization (NTO) is the body responsible for the formulation and implementation of national tourist policy. This organization is responsible for coordinating the different activities of all the bodies interested in tourism development. The function of the NTO is primarily concerned with control, direction and promotion of tourism.

In Bundelkhand region, there are some semis – official and private organization which together serve the objective of tourism. This travel organization helps in providing certain information of tourist places to the incoming tourists. This travel organization provides guide to tourist and provides certain other services. These organization are also interested with responsibility of distribution of literature about the places of tourist interest, accommodation, conveyance, aerodrome, bus stations, railway stations etc. This organization also helps the tourists in providing list of standard shopping complexes and the tourist guide, hotels etc.

This organization reply to the letters of enquiries by domestic as well as foreign tourists. This organization is also interested with the responsibility of providing information about the important places of tourist interest in Bundelkhand region and give the wide publicity through local news paper, radio and television.

For the recreation of tourists, this organization organizes cultural and musical shows in Jhansi and Khajuraho. This organization organizes various programes in the region. From time to time they also organizes exhibitions. It also keeps liaison with the archeological department, hoteliers, transport operators, etc. and look into the grievances of tourists pertaining to shop keepers, taxi owners, hoteliers, guide, etc. and take necessary steps to forward them to the concerned officers for redressal.

In this way the travel organization is primarily concerned with control, direction, and promotion of tourism. The objectives and functions of travel

organization are, therefore, to ensure that the maximum number of tourist visit Bundelkhand region.

Table 5.3

How to get there

Mode	Remarks
Air	Nearest airport Gwalior at a distance of 103 KM and Khajraho at a distance of 175 km
Rail	A junction along the Bombay- Delhi route on Central Railway, Jhansi is well linked by rail.
Road	Jhansi is situated on National Highways No. 25 and 26 and is well connected with the entire country
Local Transport:	Tourist taxis are available as also tempos and auto rickshaws that operate on a point to point basis

Tourist Information Cassettes

Regional Tourist Office, UP Tourism,
Hotel Veerangana, Shivpuri Road,
Jhansi UP. Ph.: 0517-2442402

Tourist Information Centre,
Railway Station Jhansi

M.P. Tourist Information
Centre, Railway Station
Jhansi Ph.: 2442622

Distances from Jhansi to major tourist cassettes of entire country.

Orchha	-	16 km
Khajuraho	-	178 km
Gwalior	-	103 km
Agra	-	191 km
Jaipur	-	450 km
Delhi	-	416 km
Lucknow	-	292 km

Lucknow - 292 km
Kanpur - 220 km

Where to stay at Jhansi

Hotel Veerangana (a flagship hotel of UP Tourism)
Shivpuri Road, Ph.: 0517-442402

Hotel Site
Shivpuri Road, Ph.: 2442956, 2444690,
Fax. 0517-2440259

Jhansi Hotel,
Shastri Mar Ph.: 2441360,
Fax. 0517-2442426

Prakash Guest House,
Civil Lines, Ph.: 2443133, 2440379

Agana Guest House,
Civil Lines, Ph.: 2441196, 2442844

Raj Palace Hotel, -
Shastri Mar Ph.: 2442554, 2442752

Kaneko Hotel,
Kanpur Road, Ph.: 2441800

Prakash Hotel,
Station Road, Civil Lines, Ph.: 2440964

CHAPTER VI

Growth & Development of Hotel Accommodation

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Chapter – VI

GROWTH AND DEVELOPMENT OF HOTEL ACCOMMODATION

1. Size & Structure of Hotel Limits

A tourist needs accommodation for his stay and if he is settled comfortable and well-furnished accommodation and well appointed accommodation with good sanitary and hygienic facilities and efficient service, together with good food and entertainment facilities at a fair and reasonable price, he is sure to like to visit.

According to one study, nearly 75% of the problems of tourists on land are connected with unsatisfied hotel accommodation and its service. Therefore, the hotels and suppliers of other accommodation to tourists have a crucial role in promoting travel trade.

The hotel industry's main purpose is to provide the need of the community for meals and accommodation. This need is derived from that of travels itself. Thus it ultimately relates to provisions of service and satisfaction rather than providing manufactural goods.

In India, the hotels were classified under the category, in 1963, in which general features, facilities and services expected of establishment in each category are laid on, for example – four and five star hotel should be completely on conditioning in only 50% of the rooms, two star hotels not serve continental cuisine, one star hotels needs to have only 25% of their rooms with attached baths besides provision of carpets, western style water closet and other modern amenities expected in the similar class of hotels outside. This categorization of hotels is mainly aimed to accommodate the foreign tourist exclusive ignoring the demand of or home tourists. Most of our home tourists except the elite, patronize non – classified hotels some of which are very good but most of them are just satisfactory. The hotels are mostly privately owned and they deserve a

considerable attention for their betterment. They are often along the traditional lines and lack managerial will and innovation and risk – taking at the top.

The size of the hotel depends on efficient service and liability of hospitality should be the criteria while fixing the size of the hotel.

Each guest must be offered accommodation, food and other facilities including protection for himself and his property. He be provided with high standard of cleanliness and sanitation under arrangements which offer safeguard to him Safety and comfort. To meet these requirements, hotels irrespective of their size and type, need an organizational set –up to carry out the various functions and responsibilities. By and large, a hotel may gave the following organizational categories:

1. The first category comprise revenue department which controls supply of material and catering services to the guests which include accommodation, food and beverage services etc.
2. The second category includes a department, which takes care of other services of essential operations such as maintenance, engineering works, electrical, air – conditioning and other such facilities.
3. The third category of a supplementary revenue department which controls goods and services for the guests by outside e agencies such as service shops, souvenirs, transport rentals, etc.

Each of the above referred categories may be sub – dividing depending upon the size of the hotel and the volume of its operations.

As regards ownership, traditionally the hotel industry, because of its small size, is individual establishment owned by individual proprietorship. A business used to finance and manages the hotel himself. Gradually, it changed and latest trend is of company type of organization. It is because of the high cost and increase in the size of the hotels, which requires much larger investment now.

In Bundelkhand region, the number of rooms per hotel may be taken as the measure of its size. The size of hotel size depends on a number of factors such demand s for accommodation, capacity and feasibility of the owners to manage and fulfill the demand. Location and class of ownership of a hotel in a metropolitan city would normally be upper in size. Further hotels owned by non – corporate undertakings tend to be small as mentioned earlier.

The earlier size of hotels in Bundelkhand region is comfortably higher than places of U.P. state. In Bundelkhand, the hotel industry has a variety of forms of business organization. Individual proprietors, partnership firms and private companies manage hotel units in private sector. In the public sector, local authorities own these units.

The structure of hotel industry in Bundelkhand region has changed over a time. Hotel industry has gone through a gradual change in all its spheres of activities. Historically hotel industry was made up of a large number of small independently owned units, in the beginning, the hotels were usually financed, owned and operated by individuals. The growth in the size of the individual units variated the last few years. The characteristic feature of hotel industry is the growing number of large establishments. Rise of the middle class and its income is the main cause. A new taste of travel sets in because of development and advancement in the communication system and its technology. The new transport revolution specially in mall cars and considerable advancement in railway facilities, have all resulted in an upsurge in tourism and travel. This resulted in the demand for short – term accommodation that was a stimulus to hotel industry. Over the years, the concept and the format of hotel type and catering has undergone a tremendous change due to increases in the number of tourists and their demands. The size, façade, architectural features and facilities and amenities provided, differ from one establishment to other. In addition, the landscape in a particular destination, has greatly influenced the

architectural features of hotel. But there is an overall accelerated demand for the service of hotels.

2. Hotel Ownership

Dr. Jag Mohan Negi, writes in his book entitled, "Hotels for Tourism Development" that – "the development of the hotel industry and the private capital inflow for the purpose of hotel construction started a few decades ago. The reluctance of indigenous owners of capital to enter fore the construction of large hotels was due to the lack of past experience and expertise in the hotel industry and the highly screwed distribution of wealth in India."

"Most of the hotels in the initial stages were run as private households. The Butler, the house – keeper and the chef at the pinnacle of a very hierarchical but homely set up. These people were seldom businessmen in the usual sense. All the financial aspects of the enterprise were conceived and controlled by other people. The intention of these owners was out to lose any money. This earlier pattern exists even now. These traditional units have individualized services and standards.

Today, the hotel – industry has a lot more variety and forms of business organization. Individual proprietorship, joint – stock limited and unlimited liability companies, public corporation and all forms exist now. This variety adds charm and versatility to the industry. In addition, many corporations connected with the hotel industry have sprung up. Hotel employees association, professionals, travel agents association help the industry to maintain its standards. In the region of Bundelkhand also company type of organizational ownership in hotel industry, is becoming popular.

Today, we find that important companies at National level, are engaged in hotel business viz. East India Hotel Limited, North India Tourism development corporation, Indian Hotels Company limited, Eastern

International Hotels private limited, private enterprises continued to lead the hotel business in India.

The detail of the prevalent ownership forms are discussed below:

- a. **Individual Ownership:** Dr. J.M.Negi wrote that "the original concept of the hotel ownership was on the basis of sole – proprietorship particularly because of the personalized nature of the hotel business. So in these types of hotels, all required capitals is provided by one person." The owners a person or a family takes all the risk, damage of the hotel and is entitled to receive the total profit after providing for the expenses of operation and the cost of borrowings needed for running the hotel business and arrangement. Hotel is primarily a personal service business and the owner of the hotel can best provide it. It is still a good field of business. These are good prospects and demand and one can start this business with ones own ideas. In this type of hotel business, one person takes upon himself all the risks of the business propositions with the hope of reaping some extra profit. If the business prospers, he may enjoy all the profits without the earning of anybody and he is not answerable to anybody else. But on the other hand, if the business fails, he suffers the loss and unable to pay up the debts accrued by him. However, the advantage is that he cuts through the red – tape, paper – work and legal formalities much involved in other types of proprietorship. Individual owner had to face lack of capital in case of expansion and development of business. He has only his own resources to bank upon.

The existence of small hotels had made it difficult to have good image in the industry due to the narrow and conservative attitude of the proprietors. They do not proved accurate and reliable information about their business activities, which is really a great handicap in the development and meaningful research about the industry.

- b. **Partnership:** The concept of the partnership is the form of business organization, which reduces the responsibility of individual partner for

providing capital. He has his partners to depend on. Outside financial dependence is also reduced to a great extent.

The partnership agreement should clearly indicate as wide variety of sharing formulas, depending upon what each partner brings to the total operations. The settlement for distributing profit among the partners is normally covered by a written partnership agreement.

This document should contain provisions regarding profit distribution, remuneration to be paid for services being rendered, terms of dissolving the partnership condition for settling differences of opinion and any other agreement reached among the partners for carrying out business operations.

According to Indian Partnership Act, 1932," partnership is the relation between persons who agree to share the profits of a business carried on by all or any one of them acting for all. In this form of organization, at least two persons are required to start the hotel business.

The partnership deed regulates the legal rights and duties of the partners as amongst themselves and they may be altered at any time by the unanimous consent of all the partners in the absence of partnership deed, the partnership act will be presumed certain rights and duties to all partners. They will have the rights to take part in the management of business, the rights to share equally in the profits, right to prevent the admission of new partner and the right to demand the good faith from the other partners, etc

A hotel run on partnership basis can come to an end after the period to time set by the partners. Therefore, at the very start the partners may request that the association be terminated if one of the partners dies or become bankrupt. The business will be automatically dissolved if there occurs an event which make its existence illegal or which renders its business unlawful. For hotels, partnership combines individual attention and better management through decentralized management. But partnership dose not survive long as business develops cracks, which

occur due to misunderstandings and incapability of making all partners one in decision from time to time.

c. Others:

Joint Stock companies – The large private and public companies have become increasingly important these days. The large organization on hotel companies earn much more profit as compared to any other firm there having much opportunities to undertake wide publicity and greater sales efforts. They provide standardized services to the visitors and enjoy a good image and reputation at national and international level. A number of companies already in other sector, have diversified their activities and are intending to enter the hotel industry as a way of taking advantage of their expertise and reputation developed in their existing areas.

According to Haney, company is an artificial person created by the law having a separate entity with the perpetual succession and a common seal. So it is in fact a firm of corporation that is a separate legal entity all on its own, with an existence which in the eyes of the law is independent of that of the individual who from time to time make up the company.

There are various types of companies in the hotel sector and they can be mainly divided into two categories –

1. Private limited companies
2. Public limited companies

In the case of Bundelkhand region, only private limited companies are found running hotel establishments.

So in the case of Bundelkhand region all types of business can be seen in the hotel business. Some of them are ownership, partnership and private limited companies.

The following table will clear the detail in this regard:

Table 6.1

Table Showing the Various Forms of Business Organization of Hotel Units in Bundelkhand Region

Year	Single Enterprises	Partnership Enterprises	Pvt. Ltd. Companies	Total
1992-93	12(38.76)	17(54.84)	2(6.35)	31(100)
1993-94	14(40.00)	19(54.20)	2(5.10)	35(100)
1994-95	15(35.14)	25(59.12)	2(4.76)	42(100)
1995-96	18(39.13)	26(56.26)	2(4.35)	46(100)
1996-97	18(39.13)	26(56.26)	2(4.35)	46(100)
1997-98	20(38.46)	27(52.98)	5(9.97)	52(100)
1998-99	25(46.66)	30(50)	7(11.66)	60(100)
1999-00	31(43.05)	33(45.33)	8(11.11)	72(100)
2000-01	35(43.20)	38(47.92)	8(9.89)	81(100)
2001-02	38(43.18)	41(46.58)	9(10.22)	88(100)
2002-03	41(43.15)	42(44.31)	12(12.63)	95(100)

The table clearly shows that most of the hotel units i.e. 2/3 units in the region are being run on the basis of partnership and the second place is occupied by individual ownership, so far as the private companies ownership is concerned, it is on the lower ebb and accounts for a very meager percentage of the total. Thus it is clear that the partnership form of business organization is quite popular among the hotel units.

3. Capital Structure

The hotel industry involves huge capital investment. And the amount of capital to be invested depends upon the size and the standard of a hotel. A large hotel requires huge essential investment for providing suitable accommodation, for decoration, for furniture, equipment etc.

The distinction between upper class hotel and lower class lies essentially on the magnitude and the type of the capital expenditure, besides, funds are also required for meeting current expenses such as payment of rent, wages, repair charges, the cost of fuel, electricity, etc. it is, therefore, necessary to split the requirement of the capital under two heads namely, fixed and working and working capital.

(a) **Fixed Capital** – following is the brief discussion about the capital structure of a hotel project.

(I) **Cost of Land** - The cost of land is the most important item from the point of view of capital investment. The suitability of the site for a hotel depends on the accommodation capacity required. A hundred rooms hotel generally covers an area of about 2.5 acres and for four hundred rooms hotel, the land requirement vary between four and six acres. However, a small hotel of 50 rooms capacity would roughly requires one acre of land, while computing the cost of land, other charges are also included in the overall cost such as taxes, registration charges and cost of developing the land site suitable for building construction.

In Bundelkhand region, as this region is falling in two states i.e. Uttar Pradesh and Madhaya Pradesh, so the prices are varies. In Jhansi city has become congested, the land, with in the city is sold on high prices as compared to outside. New entrepreneurs buy the better land site and offer land at high rates, because they knew that the scope of hotel industry in this region is very wide. The cost of land site in this region depends on the area and its location. The land cost per acre at present is about 1 to 2.5 lacs. Therefore, many new entrepreneurs borrow money from Uttar Pradesh Corporation (UPFC) and form other financial institutions to purchase the land site at the prescribed fcost for hotel building.

(II) **Cost of Construction** -

Construction cost is another element of the cost factor in the hotel project. The cost of the construction primarily depends upon the size of the rooms, size of the building, building materials – iron, bricks, cement, labour

charges etc. Besides, the construction cost also includes interest paid on funds borrowed from different financial institutions.

In Bundelkhand region, cost of land is moderate i.e. depends upon the area. But many rich parties purchase the costly land at good location but some of medium type of entrepreneur purchases cheaper land. Some of the good hotels are established in the heart of town very near to railway station and bus stand, viz. Hotel Sita, Prakash Hotel, Hotel chanda, Shrinath Palace and many others. Old hoteliers have purchased land cheaply few years ago and they are trying to improve their management and renovation of their hotel buildings.

In the region, hoteliers have to purchase raw material for hotel building from other places, involving transportation charges to bring in the construction material such as bricks, iron, cement etc. Due to shortage of laborers, they have to bring labors from other places on high wages. In this region it is estimated that construction of a star hotel will cost about one crore but an ordinary hotel construction will cost about 5 to 10 lacs.

(III) Cost of Furniture and Fixture - In region, high category hotel invest 1 to 2 lacs rupees per annum for furniture and fixture. On a survey, it is found that hotels like Srinath Palace, Hotel Chanda, Orchha Resorts, Hotel Sita etc. they invest 1 to 2 lacs rupees every year for furniture and fixtures. The furniture and equipment are divided into two categories, (a) guest room furniture, waiting room furniture, restaurant and bar furniture. And (b) Kitchen and office equipment, guest – room equipment and miscellaneous equipment. Items for furnishing are either taken on rent or purchased locally.

(IV) Cost of Inventory - Under the head of inventory cost, the cost of items such as food, beverage, newspaper, advertising, stationary, etc. are included. The cost of operating equipment covers the cost of uniform, utensils, crockery, etc. The hoteliers invest money in various items of about 3 lacs per annum depending on the category

of hotel. Besides the cost of such overheads expenses, certain other expense are also incurred prior to the completion of the hotel project. These expense include the cost of training provided to the staff, advertise and sale promotion expenses and traveling cost. Provision for such expense is made in the budget and are included in overall cost of the project.

- (b) **Working Capital** – Some funds are required to meet day-to-day expenses and to finance other operations. Working capital is required for purchasing goods, for paying taxes, license fee, disbursing staff salary, etc. on the basis of survey it is found that the cost of a deluxe and an ordinary hotel is separate. This cost of estimation is based on the enquires made for the hoteliers.

Table No.6.2

Cost Break up of Deluxe Hotel per room comprising of 50 rooms

S.No.	Particulars	Estimated cost (Rs)
1.	Land	60000
2	Cost of construction including material	3,40000
3.	Furniture	30000
4.	Furnishing	70000
5.	Operating equipment	25000
6	Inventory cost	20000
7.	Preliminary cost	10000
8.	Working capital	5000

		560000

Cost Break – up per room of an ordinary Hotel comprising of 50 rooms

S. No.	Particulars	Estimated Cost (Rs)
1.	Land	50000
2	Construction	75000
3.	Furniture	10000
4.	Furnishing	5000
5.	Operating equipment	10000
6	Inventory cost	5000
7.	Preliminary cost	2500
8.	Working capital	2500

		160000

The statistics given above shows that the construction cost per room of a deluxe hotel is three and a half time grater than the cost per room of an ordinary hotel. The cost outlay of different categories of hotels is used for achieving maximum returns from the investment made in a hotel project. The cost break – up of hotel building, its construction and planning, furnishing material, equipment and inventory used, etc. will hip to achieve maximum results within a controlled budget. Besides a contingency about 10% of the total cost should also be added for making unforeseen payments.

The cost of hotel building mainly depends on its design. The complex design of a hotel – building certainly entails a greater cost. It is, therefore, advised that building design should be very simple in order to reduce the cost of hotel premises. While finalizing the building plan, care should be taken about the correct positioning of rooms and relationship between them should also be considered in the light of the services to be provided to the tourist. If these points are carefully considered, such decisions would certainly help in effecting economy in both fixed and working capital structure.

(V) Financial Arrangement

Hotel industry has a different investment pattern, which is quite distinguished from other industry. This industry is highly capital intensive and the bulk of investment is consumed away land, building, furniture and other equipment.

Generally, the proprietors from their own funds purchase the land and other assets such as furniture, machinery and other equipments are arranged from borrowed funds. In Bukndelkhand region hoteliers are arranged money from own funds and borrowed capital. So it is clear that financial arrangement in hotel building come from two sources –

- (1) Own funds, and (2) Borrowed capital.

The initial investment in hotel come from subscription among partners and is supplemented by borrowing mainly form financial institutions such as UPFC, SBI and other commercial banks.

Financing of big hotel project does not pose major problems. The promoters generally raise adequate resources either form own funds or by way of term finance form different landing agencies. However, the smaller units experience lot of difficulties in raising adequate funds.

The hotel industry is normally operated by the medium and small enterprises, which find difficult to arrange capital form the open market. For hotel industry, hotelier require three types of finances –

- (1) Short – term finance,
- (2) Medjum – term finance, and
- (3) Long term finance.

1. **Short – term finance:** It is required to meet operating cost, the cost of repairs, decoration, renovation, etc.
- 2, **Medium – term finance:** It is required for purchasing equipment, furniture and for furnishing accommodation.

3. **Long – term finance:** It is mainly required to buy land and for construction of hotel building.

The following are the usual method of raising funds for hotel industry –

- a. Self investment, and
- b. Borrowed capital.

(a) **Self - Investment –**

The promoters contribute their own shares from their resources and such investment is known as internal financing. In Bundelkhand region old hotels were constructed by self-investment. Rich parties have constructed their hotel by own finance, for example, Jhansi Hotel and many more.

The quantum of internal finance and self - investment is determined primarily by the total cost and rate of return on capital invested. It is estimated that about 40% of the total cost of a hotel project is financed from internal sources and the rest is met from different lending institutions.

(b) **Borrowed Capital -**

The borrowed capital consists the term loans taken from different financial agencies. The promoter's secured funds from different agencies and at present they are granted term loans on soft conditions and at a reasonable rate of interest.

Bank overdraft facilities are also used by hotels to finance the operations during the peak seasons. Lending by banks depends upon the credit worthiness of the individual hotel and land security offered. The terms and conditions of granting the loans are generally the same as for those other industries. The interest charged by commercial banks on such loans varies from 15% to 18% per annum. The commercial banks usually grant short - term and medium – term loans. The long term finance is generally secured by IFC only.

IFC was established in 1948 by a special enactment of the parliament of the India with the object of making medium and long – term loans. IFC was authorized to give finance to only public limited companies and co-operative societies, as in the case of hotel industry or other industry. This agency also provides advisory services to entrepreneurs especially in the less developed areas and efforts are being made for establishing industrial in the technical consultancy organization. The authorized capital of the corporation is 100 millions and the issued and paid up capital stands at Rs. 835 million. The Industrial Development Bank of India and 50% held by Scheduled Banks, Cooperative Banks and Insurance Concerns etc pays 50% of the finance.

The Cooperative before providing financial assistance to hotel industry, examines the hotel project in the light of several factors involved, and the relative industrial and national priority of the project in the economy of the country, the technical, financial economic viability of the project, the experience and probity of the promoters and their own financial contribution to the project, the quality of management and the adequacy and the competence of the technical and administrative staff during the construction and operation of the project.

Loans are disbursed according to the requirement of assisted concerns, depending upon the progress made towards completion of the project and its compliance with the condition perception to such disbursement. And normally, the disbursement of the loan amount is made on the execution and registration of the mortgage deed and other necessary documents. The loans are given only for productive purposes such as for purchase of hotel site, equipment, machinery, etc. Loans for the purpose of working capital such as for repayment of existing liabilities are discouraged. The loans are generally repayable by semi – annual assistance over a period of 12 to 15 years. The corporation generally allows a grace period of about 3 years after the initial disbursement of the loans

CHAPTER VII

Role of U.P.F.C. and other Financial Institutions in Promotion Tourism

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Chapter - VII

Current Issues in International Tourism

Core and Periphery Relationship

The relation between core and periphery perpetuates – the core region extracts the major part of the income generated from INT (International Tourism) and left over goes to the periphery. Government and the international agencies have the recent past taken active interest in tourism development in the periphery regions.

By core we mean those countries ' region where tourism activities are concentrated. For example, 90% of the tourist activities are confined among the developed western economies. These countries therefore generate as well as receive a major part of the tourists. The periphery regions are those who receive a small part of the benefit from tourism sector. The less developed countries like India receives only a small percentage of the business generated from tourism.

The flow of tourists and their revenue to peripheral regions has been viewed by some as counter balance to the economic pull of our urban – industrial centers. Christaller, the pioneer of the central place theory states:

There is also a branch of the economy that avoids central places and the agglomerations of industry. This is tourism. Tourism is drawn to the periphery of settlement regions as it searches for a position on the highest mountains, in the most lonely woods along the remotest beaches.

Studies of national economies in UDC's have shown a considerable amount of generated tourism revenue has returned directly to the tourist generating countries (Bryden 1973; hills and lundgren 1977). In one study it has been estimated as much as 77% of the tourism money returned to these urban – industrial economies (Perez 1974). Payment of loans and dividends of foreign investment, the importation of goods and services to supply the tourists and the salaries of senior personnel who are often temporary residents create this return flow. It has been given the apt name of "leakage", for a community may feel it is building a prosperous industry

but when the final bills and bank charges are paid there is often much less left in the community account than expected. And in this way the gap between the core and periphery continues despite the Government's efforts to develop the periphery. Such a situation is not confined to UDC's; it can and does occur with the advanced economies where small and peripheral communities attempt to transform some local resources into a tourist attraction. The development or renovation of heritage usually requires capital and manpower in excess of local supplies; consequently these tourism developments rely on investment and labor from distant urban-industrial centers and the same leakage situation.

ROLE OF UPFC AND OTHER FINANCIAL INSTITUTIONS IN PROMOTING TOURISM

1. MEANING AND THE ORIGINANCE OF INSTITUTIONAL FINANCE

Financial institutions are investment intermediaries being the savers and users of capital. These institutions are interposed between the ultimate borrowers and lenders to acquire the primary securities of the borrowing and provide other securities for the portfolios of the lenders. In wide sense, they include commercial and cooperative banks too, but it is customary to confine this term to specialized financial institutions other than commercial/cooperative banks.

The process of industrial growth requires among other factor, a well-developed capital market with financial intermediaries, viz banks, insurance companies, under-writing agencies, investment trusts and finance corporation that can channelize loan able funds into industrial investment. In India, commercial banks have generally been catering to the short term requirements of trade and the before specialized financial institution had to be established to must the rapidly increasing needs of the expanding industrial sector for medium and long term finance.

Under the guidance, control and directions by specialized institutions, in many cases the Government directly establishes these institutions and in

other cases they could provide investment houses giving direct and indirect financial help to the industries.

The first specialized financial institutions was set up in India in 1948, for providing medium and long term credit to industry was the Industrial Financial Corporation Act, was passed in September 1951, which enables the various state Government to establish state financial corporation. There are at present 24 state financial corporations extending financial assistance to medium and small-scale industrial concerns.

At a national level there is other institution whose direct objective is not to provide industrial finance but which have a lot of accumulative funds through their activities like LIC, GIC and UTI. In addition there are at a national industry small corporation and khadi and village corporation.

To assist and finance the growth of units in the private sector, the Industrial Credit and Investment Corporation of India (ICICI) was established in January 1955.

Therefore the national small industries corporation was set up to serve the small-scale industries in various ways, e.g. by providing technical assistance and by supplying machinery of hire purchase basis.

As a state level there are also, besides, Financial Corporation, State Industrial Corporation Investment Corporation which are established and promote industrial development in the concern state. Promotional activities include direct investment into the unit.

Besides general industrial development and promotional corporation in many of the states, there are specialized development and promotional corporation which are specific to particular industrial service etc. in that state. For example, there are corporations that cater to Promotional establishing and financing units in horticulture, poultry Development. At a national level IDBI is the apex institution in the development finance. Industrial development Bank of India which Coordinates and regulates the

working of national financial institutions. Industrial Development Bank of India, which was set up in July 1964 to supplement and Coordinate the activities of the existing financial institutions.

Two other institutions in the field are the Life Insurance Corporation of India (LIC) and the Unit Trust of India (UTI). LIC & Government owned corporation, plays an important role in the field of investment in the form of subscription to share capital of industrial companies, loans on mortgage of property and under writing of new issues. The UTI was set up in 1964, utilizes the savings of bank small and large investors with a view to channelising them into industrial fields by subscribing the shares and debentures of industrial enterprises and also by under – writing such issues.

Commercial banking which mobilizes savings transfer money and grants loans, is another institutions of finance which has recently entered to the field of development banking that provides development investment finance and promotes industrial development have all tended to merge into one general activity, which may be called institutional finance.

The contour that distinguishes these aspects and institutions has merged into at the borderlines. In fact commercial banking institutions have recently entered into the field of promotional investment by establishing mutual funds. In fact industrial cooperative bank should also be added to this list of institutions that provide commercial finance.

Finance from many sources like commercial bank including State Bank of India, state Finance corporation, state cooperative bank if a cooperative society promoted as a tourist service unit is also from a specific tourism development cooperation if that existed.

Medium term finance is being granted by commercial banks to the diversified industrial sector against immovable property or against debentures of a company secured by a charge over its assets.

Commercial banks also provide assistance through guarantees for deferred payment for machinery.

The term tourism finance refers to the various type of finance needed by tourist industry for carrying out different activities connected with the tourist comfort.

The major portion of the finance is needed for constructing travel agency offices, purchase of furniture, purchase of decoration materials, communication system, transportation etc. Financing of big Travel Agency Project does not pose any serious problems of mobilizing funds, as the promoters are able to raise adequate fund either from own resources or by way of term finance from different financial institutions.

However mobilization of funds in case of smaller Travel Agencies Units – present a formidable difficulty and they knock the door of different financial institutions in order to secure funds for a consideration longer duration. The Tourism finance is quite different from other types of financing. The Tourism Industry therefore, requires special institutions to finance there operation.

Generally, the Travel Agency is run by small and medium enterprises and they find it very difficult to raise adequate resources in the open market. Moreover this is characterized as capital intensive with low rate of profitability. In advanced foreign nations there are several specialized credit institutions, which take care of the needs of Tourism industry. For a long time banking institutions provides commercial credits to the trading community only for carrying out buying and selling operation. These banking institutions could not make available finance for meeting the needs of industry such institutions be organized which can meet the need of industrial finance, it is only after the establishment of these institutions that funds were channeled into industries.

After nationalization of major banking institutions, commercial finance to some extent were available for meeting short term and medium term of

industries. However Tourism Industry could not qualify to secure funds from these institutions. Until recent past lack of finance has been the greatest obstacle in the way of expansion of hotel industry in India. The same have been true about Bundelkand region also. The Government realized the need of establishing specialized credit institution for providing liberal financial assistance and incentives for the development of Tourism Industry in the country.

The Tourism Industry requires mainly three types of finance from various institutions:-

1. **SHORT TERMS FINANCE:**

This type of finance required meeting operating costs the cost of redecorating and renovation.

2. **MEDIUM TERM FINANCE:**

The entrepreneur requires it for expenditure on equipment, refurnishing and large scale decoration etc., requires medium term finance.

3 **LONG TERM FINANCE:**

This type of finance is invested in land and physical capacity is a main lead of expenditure requiring long-term finance.

In Bundelkhand region the source of finance available to a Travel Agency from different institutions as UPFC regional office, Bundelkhand and SBI DIC, commercial banks are providing loans to Tourism Industry. At present in this region, UPFC is the main agency for providing financial loans to Tourism Industry.

ROLE OF INSTITUTIONAL FINANCE:

The special financial institutions provide equity capital and term loans, and help in facilitating, and under writing the capital issues of industry Financial Institutions serve in several ways to provide a higher degree of liquidity to those who start with money and a held other claims. In the first place, an organized secondary securities market with an array of dealers, brokers,

speculators, and stock exchanges, greatly increases the need and economy of selling securities when one wished to exchange them for money. In the second place, financial institutions increase the liquidity for savers by creating and incurring to them claims that are more liquid than the securities that are required and held by the intermediary. In another way, institutional finance deals with finance and discharging the functions of mobilization of resources and their efficient utilization.

ROLE OF DIFFERENT FINANCIAL INSTITUTIONS:

INDUSTRIAL FINANCE CORPORATION (IFC):

The first specialized financial institution was set in India in 1948 with a view to providing medium and long term credit to industries. This institution is known as industrial finance corporation of India.

This Institution is the main source of finance for different industries. The Principal requirements are the ability to service the loan comfortably a clear opportunity for additional capital to earn to a good return and security. I.F.C. is authorized to give financial assistance only to public limited companies and cooperative societies, which proposed to engage themselves in manufacturing, preservation and processing of goods in the shipping, mining and hotel industry.

The loans are provided by IFC for any producing purpose such as purchase of Travel Agency site equipment machinery etc. loans for purpose of working capital and for repayment of existing liabilities are discouraged.

INDUSTRIAL BANK:

This institution provided loans for furnishing and reequipping loans, loans are not granted by this institution other than a short-term basis and investment in building is not normally financed. Therefore, these institutions generally avoid the organization subject to seas and fluctuation in trade and loans are made available to expenditure to experienced managements only.

The industrial credit and investment corporation of India is a concern under aegis of World Bank. In view to develop small industries and import machinery for sale or hire purchase terms to small industries.

The next development institution is Refinance Corporation for industry limited, for extending refinance facilities to banks, which provided medium term loans to industry, I.B.B.I. is an apex institution to coordinate the activities of other industrial financial institutions and banks to supplement their resources and to provide direct financial assistance to industrial projects involving large outlays and long gestation period.

State finance corporations mainly provide term finance to industry.

Today almost all the states have state finance corporations cannot give loans exceeding Rs.30 lacs to any single company. The loan cannot exceed Rs.15 lacs in the case of individuals or partnership firms. Another institution is Insurance companies which provide long-term finance to the hotel industry. Their policy is not to grant any loan on the basis of hotel security. Therefore, the main source of long and medium term finance are the industrial and commercial financial corporations and the commercial banks.

Paucity of adequate long-term finance on soft and reasonable terms has been one of the constraints, which hindered industrial development in India before independence.

Some specialized special institutions have to be established to meet the rapidly growing needs of our industrial sector for medium and long term finance. Presently in our country several financial intermediaries namely banks, insurance companies, unit trust and finance corporation have been working which channelise loanable funds into industrial investment.

Another institution, the industrial credit investment corporation was established in January 1955 for assisting and financing the growth of units in private sector. The National Industry Corporation was also created in

the same year in order to provide technical assistance and supplying machinery on hire purchase basis.

In 1958 the Refinance Corporation for industry was set up the Govt. for providing refinancing facilities to bank against medium term loans, however this institution was later merged with Industrial development Bank of India which was set up in July, 1964. The main aim of the creation of I.D.B.I., was to supplement and coordinate the activities of different financial institutions.

In September 1951, state finance corporation Act was passed and this Act facilitated the establishment of State Finance Corporation in various states. Presently, there are twenty-four state financial corporations providing financial assistance to medium and small-scale units on long-term basis. Beside L.I.C. and U.T.I. has also been mobilizing saving of both small and large investors for investment in Industrial enterprises on reasonable terms. Commercial Banks provide medium term finance to different industrial unit against movable property. Besides they also provide assistance through, guarantees for deferred payments for machinery and equipments.

In April 1971, the Industrial Reconstruction Corporation was set up to rehabilitate the sick and close units in the country. These specialized financial institutions provide equity capital and term loans and also the job of underwriting the capital issue of industry.

These institutions serve in a several ways to provide higher degree of liquidity to those who part money and hold other claims. In fact they have rendered immense help in giving a new outlook to the Indian Capital market.

(ii) DIFFERENT AGENCIES PROVIDING FINANCES:

(a) COMMERCIAL BANKS:

In Bundelkhand region only few Travel Agencies have taken loan from Commercial Banks, for the construction of office building, the entrepreneurs obtain money from local investors. Lack of capital at reasonable interest rates and term is a major roadblock in financing. At present the finance is secured by means of shares debentures. The smaller Travel Agency raise finance by specific mortgage of bank overdraft facilities, Bank overdraft facilities are widely used by Travel Agencies to finance the seasonal operation during the off / peak season.

Another thing is financial institution are in universal agreement that Travel Agency represented a poor security to tender. The main reason is that Travel Agency are purposely built with little immediate alternative use and thus their value in many cases depends upon the profitability of the operation and subject to the conditions of the market and the standard of management. As we know the Tourism Industry is very much sensitive and profitability in both the long term and short term is suspected.

Lending by bank mostly depends upon the financial standing and past management records of the individual Travel Agency and the security provided. And banks also satisfy themselves that the loans will be adequately serviced. The term and conditions of lending the loans are generally same as those for other industries.

Travel Agency secured loans for hypothecation of communication systems
Office equipments, furniture fittings, etc

As above table shows in Bundelkhand region Commercial Banks provide finance to Travel Agencies units in Jhansi and Khajuraho in different years. Few of travel agencies apply for loan to Commercial Banks because this agency takes lot of time to sanction loan and they require

various date from entrepreneurs, so every year bank sanction finance from 4 to 7.

Banks provide loans only to qualified entrepreneurs possessing requisite technical for working capital purpose to the full extent of the value of the assets intended to be acquired. In certain cases, loans advances to a limited extent are also made available for working capital purpose.

INTEREST RATE STRUCTURE:

The landing rate structure of the Commercial Bank is weighed in favour priority sector advances and within that category in favour of poorer borrowers under the differential interest scheme (DIS) the nationalized bank in India advanced loans to weaker section at the connection rate of 4% per annum.

BANKING SYSTEM IN BUNDELKHAND REGION

The branches of Commercial Banks operations in the Region at present is 100 out of which 47 are in urban areas, 10 in semi urban and 53 in rural areas, the commercial banks in the region have provided financial assistance to the needy persons in their fullest capacity though the banks have made many strides particularly after the nationalization but lot of desires is to be achieved in terms of speedy and honest disposal of loans which is being reported by customers during personal survey that some non social element connected with the banks directly and indirectly pose hindrance in providing loans to various sections of society and do it only after greasing the palms of the concerned. The financing to the industry by commercial Bank was started in the late sixties till than, this section depends on moneylenders and indigenous banks.

Commercial banks have now involved new schemes to meet the varied credit needs of the Tourism sector after careful study of its problems. Infact, the rapid growth of this section during the last decade is mainly due to the assistance, it has received from commercial banks. The scale and scope of their assistance has increased considerably commercial bank

provided a wide range of financial assistance to these units from equity to bill finance.

EQUITY SUPPORT:

Under the scheme, the technical qualified, entrepreneurs get equity capital to start his business, Interest free loans ranging from Rs.5000/- to Rs.50000/- are sanctioned to strength his equity. These loans are repayable in 7 years after a moratorium of 5 to 7 years.

TERM LOAN:

Bank grants loans for the construction of Travel Agency, building and the purchase material and equipments related to this business. Loans are also sanctioned for the purpose of expansion, modernization and renovation.

SPECIAL HYPOTHECAL LOAN:

This loan is sanctioned to the industry to supplement their working capital requirements. Banks also sanction clean advances to this industry to enable them to tide over unforeseen financial difficulties. In present period loans are now to be given on the basis of purpose and viability and not on the basis of security, under the concept of social banking, the bank charge lower, differential rates of interest from weaker sections of society. The bank provide bank draft facilities and loans to different industrial concerns. It is one of the most profitable part of its business and to cover risk bank generally ask for securities. The Tourism related units might obtain favorable treatment from those commercial banks. The over draft is easily adjustable to reasonable and fluctuating requirements of the Travel Agencies and the limits overdraft can be negotiated regularly.

(b) STATE BANK:

State bank is playing a vital role in providing finance to Tourism related industry such as hotel industry. As personal interview conducted to this agency in Bundelkhand region Managers explain their view that how they finance to hotel sector and to various industry.

This agency provides terms loans to hotel industry Rs.35 lacs. To Rs.45 lacs. But in the case certified and registered ancillary unit the investment in plant and machinery should not exceed to Rs.45 lacs.

For the purpose of computation of investment in plant and machinery the following factors are to be taken into account.

- i) Whether the plant and machinery is new or second hand, the original cost price paid by the present owner to the seller is to be taken into account. The amount of sales tax, freight insurance etc. payable there on should also be taken into account.
- ii) Whether the plant and machinery are to be taken on lease, the cost /original price should be ascertained and taken into account.
- iii) The list of items to be included while computing the investment in Plant and machinery.
- iv) List of items which are not to be included while computing the value if plant and machinery for the purpose of determining the ceiling of Rs.35 lacs to 45 lacs. in case of Ancillary units. Hotel industry belongs to ancillary units, so the ancillary units are required to obtain separate status. Certification / Registration from the certificates are treated as S.S.I. units, Rate of interest changed on certain types of advances. An individual or firm partnership or Co-proctorship who runs and manages a business enterprises not being a professional services, and the original cost on respects of whose existing equipment and the equipment to be purchased out of banks assistance does not exceed Rs.2 lacs are formed as business, enterprises. The equipment included machinery, furnitures, fixtures etc.

The term business enterprises include various activities such as launderers, barbers, hoteliers, tailors, master weavers, estate and clearing agencies and many other small business are carried on by owners themselves. In order works, a borrower who is an absentee owner or who is not normally associated with the business or who does not devote any portion of his time to the management of the business should not be considered eligible for financial assistance.

In Bundelkhand region, State Bank of India, provided finance to a number of hotels every year. Finance provided by S.B.I. to hoteliers in different year could be analyzed as given below in table.

TABLE 7.1

FINANCE PROVIDED BY SBI TO BUNDELKHAND HOTELIERS FROM
1988-89 TO 1997-98 (Short Term)

YEAR LOAN PROVIDED BY S.B.I. TO NUMBER OF UNIT

1988-89	7
1989-90	15
1990-91	12
1991-92	10
1992-93	9
1993-94	11
1994-95	15
1995-96	12
1996-97	14
1997-98	13

SOURCE : BASED ON SURVEY.

Above table shown in Bundelkhand region, State Bank of India provided loan to hoteliers in different year for construction of hotel building.

c) **STATE FINANCE CORPORATION:**

Accordingly to state financial corporation Act. 1951 the offices of S.F.C. have been established in each state. This agency provides finance to hotel units from Rs.30 lacs to 60 lacs. The loans cannot exceed to Rs.15 lacs. in the case of individuals or partnerships firms. SFC may grant loans and advances to the medium sized Travel Agencies / Hotel projects on the same basis as to other industrial concerns.

SFC grant loans up to 20 years but in most of the cases of period various between 10 to 15 years. This corporation usually finance about 50% of

the cost of operation. This corporation extend assistance to firms under assets. The guarantees required are mortgages, assets pledged as security or even guarantee given by Government of the state corporation. The margin is generally of the total assets including those to be acquired with the loan. The rate of interests various and there is also a rebate of ½% on timely prompt payment.

UTTAR PRADESH FINANCIAL CORPORATION (UPFC):

Uttar Pradesh Financial Corporation was established in 1954 under the State Financial Corporation Act, 1951 with its Head Office at 14/88, Civil Lines, Kanpur - 208 001, The U.P.F.C. took a humble step for the Industrial Development of the State of Uttar Pradesh by providing Term Loan Assistance to small and medium scale units. Several units nurtured by UPFC have groomed into large enterprises.

Uttar Pradesh is the biggest State of India having a total area of 2,94,411 square kilometers and a population of approximately 140 million. It houses a number of industrial units situated in 89 Industrial Zones and Industrial Parks. Uttar Pradesh is home to a number of Industrial Houses. It is among one of the best States of Indian in terms of buying power and availability of raw materials and the list of identified priority sector industries include Agro-based Industries, Animal Husbandry, Engineering, Food and Meat Processing, Horticulture, Chemicals, Petro-chemical, Silk, Sugar etc.

At present UPFC is one of the premier term-lending State Financial Corporation of India. It has played a pivotal role in the development of entrepreneurship. In the State of Uttar Pradesh till 31.3.97 UPFC has sanctioned loans to 52,069 cases with total assistance amounting to Rs. 36,757.6 million out of which Rs. 925.8 million have been sanctioned to 704 number of accounts pertaining to Hotels, Restaurants and Road-side Dhabas. IDBI has granted Category - 'A' status to UPFC indicating overall satisfactory performance of the Corporation.

PRESENT BUSINESS ACTIVITIES :

UPFC provides assistance to industrial and service concerns for their new projects as also for expansion, diversification and modernisation schemes. Small and Medium Scale Units whose paid-up capital and free reserves are under Rs. 1000 million and whose project outlay is upto Rs. 100 million can avail of UPFC's range of schemes. Joint financing with PICUP / Scheduled Banks is undertaken by UPFC and projects with capital outlay upto Rs. 100 million are finalised. Besides this UPFC has also been granted authorisation as Category-I Merchant Banking status by SEBI, which confers it the right to provide whole range of services such as Issue Management, Underwriting, Equity Participation, Project Certification etc. for raising finance for primary market.

Norms for Financing Debt Equity Ratio:

1:1 to 1.5:1 depending upon the quantum of loan and nature of industry.

Interest Rate (including interest tax) :

- A) All loans to a unit aggregating to Rs. 0.2 million - 12.5% to 14%
- B) Loans above Rs. 0.2 million
 - i) Other cases 20% to 21%
 - ii) Working Capital Term Loan 20.5% to 21.5%
 - iii) Under Road Transport 20.2% to 21%
 - v) Hotel and Tourism 20.0% to 21.0%

Limit of Accommodation :

- I. Upto Rs. 9 million ----- Sole Proprietorship concern
- II. Upto Rs. 9 million ----- Partnership concern
- III. Upto Rs. 24 million ----- Private/Public Limited Company.

Schemes for Fixed Assets Term Loans :

New Units - UPFC provides monetary assistance to new units for acquisition of fixed assets such as land, building, plant and machinery etc.
Existing Units - Easy assistance for upgrading and modernising units with an eye on giving a boost to production and increasing efficiency.

Equipment Refinance Scheme (ERS) : UPFC gives assistance for expansion, modernisation, replacement of old and obsolete machinery with the latest indigenous or imported machinery to those units under the ERS which have been operational for the last four years and have earned profit in previous two years.

Equipment Finance Scheme (EFS): The EFS replicates the ERS except that these units should have been in existence for three years and should have recorded profits for the previous two years.

Schemes for Young Professionals : Over the years UPFC has been assisting larger number of Doctors, Chartered Accountants, Architects and Cost Accountants to set-up their own professional enterprises.

Schemes for Hotel and the Tourism Sector : With an aim of giving a fillip to the burgeoning Tourism Industry in Uttar Pradesh, UPFC provides easy financial aid for establishment of hotels, motels, restaurants, traveling agencies, amusement parks etc. Assistance is also within arm's reach for the expansion and refurnishing of existing facilities in the tourism sector.

Schemes for Nursing Homes and Electro-Medical Equipment : The UPFC cares not only for industry but also for health. With a view to provide modern medical care and diagnostic facilities, the UPFC provides financial assistance for setting-up small hospitals and nursing homes having 20 or more beds and/or for the purchase of the latest electro-medical equipment for diagnostic purposes.

Single Window Schemes : With an aim to extend financial assistance both for fixed assets as well as working capital to small units under its single window, UPFC provides long term easy loans to units which have a project cost upto Rs. 10 million (including margin money for working capital.).

Schemes for Marketing Assistance : UPFC provides financial assistance for setting-up new sales outlets/showrooms as well as for the renovation and expansion of existing sales outlets for marketing products of small/cottage and village industries. Under this scheme, the project cost should not exceed Rs. 2.5 million.

Schemes for Working Capital Term Loan : UPFC is financing small and medium scale units with a good track record for their working capital requirements to the extent of Rs. 15 million.

MERCHANT BANKING SERVICES:

In view of the changing dynamics of the market, UPFC has decided to extend Merchant Banking Services to a larger number of entrepreneurs and clients. In this context, the UPFC has been granted the status of Category-I Merchant Banker by the Securities and Exchange Board of India (SEBI) w.e.f. 16.8.94. As a Category-I Merchant Banker, UPFC is extending its services as described below:

Public Issue Management :

UPFC undertakes easy management of Public Issues with the fee for the services depending upon the quantum of work, the nature of the Public Issue, the trade record of the promoters etc.

Project Certification :

UPFC has rich experience of over four decades in conducting exhaustive appraisals of projects and investments. The fee for project certification has been kept highly competitive at 0.30% of the project cost subject to a minimum of Rs. 0.2 million.

Equity Participation :

The Corporation participates in equity shares of companies which are going public on firm allotment basis under the Financial Institutions quota.

OTHER SUPPORT SERVICES :

LEASING - UPFC is extending leasing assistance to industrial concerns upto Rs. 3 million over and above the term loan assistance of Rs. 24 million for a period of 36 months to 60 months on very competitive lease rentals and flexible terms and conditions.

The opportunities are endless with UPFC and counseling and corporate advisory services as well as underwriting of shares are also taken up.

DEFERRED PAYMENT GUARANTEE: It is a non-fund-based activity. Here the Corporation guarantees the payment of amount to be paid by the customers for purchase of capital goods within India, which has been spread over or deferred over a period of time. Here the supplier selected should be reputed and he should be agreeable to supply the capital goods on deferred payment basis.

The maximum amount of guarantee should be Rs. 20 million and the maximum period should be 5 years. The guarantee commission @ 2% per annum should be charged on reduced liability basis and the same may be charged upfront for the entire period.

HIRE PURCHASE: In order to broad base the activities of the Corporation by providing whole range of financial services under one roof, the Corporation has started Hire Purchase Scheme for Medium and SSI units having good trade record of three years and who do not default in payment of dues to Corporation or to other Financial Institutions/Banks.

Hire Purchase is basically a contractual agreement whereby an owner lets goods on hire to hirer and offers an option to hirer for purchasing the goods in accordance with the terms of agreement.

Besides existing limit of assistance of Rs. 24 million. Corporation can extend hire purchase assistance against equipments etc. upto a maximum limit of Rs. 30 million.

Rates of interest shall vary from 12% to 15.5% per annum (flat) throughout the payment period which shall be 36 to 60 months depending upon the cash accruals. Repayment shall be in monthly installments. Normally security cover (security debt-ratio) should not be less than 1.5:1.

LINE OF CREDIT FOR CAPITAL GOODS : This scheme helps the entrepreneurs who have good track records and are in pressing need of funds to acquire capital goods as a part of their expansion/ diversification/ modernization plans. It helps them to implement their project timely as the funds would be available readily.

The borrower should be engaged in manufacturing activity, should be in operation for more than 04 years and annual profit during last year after providing depreciation and interest He must have paid at least 40% of the earlier loan availed from the Corporation, He should also not have defaulted in paying dues to the Corporation, bank or to any other financial institution.

Under this scheme a maximum of Rs. 2.5 million (included within overall limit of Rs. 24 million) can be sanctioned in favor of borrower.

FACTORING : Factoring is a Financial Service designed to help firm to manage their receivable better. Under a typical factoring arrangement a factory collects the accounts on due dates, effects payments to the firm on these dates and also assumes the credit risks associated with the collection of the accounts.

Under the scheme receivable only arising out of domestic trade shall be considered for factoring. Supplier /Borrower shall draw bills of exchange for goods supplied and that shall be accepted by purchaser. After acceptances of bill of exchange. Corporation shall make pre-payment of 80% of invoice value after deducting its discount charges @ 21 to 21.5% for small and medium scale industries respectively per annum for period of bill of exchange to supplier. Balance payment of 20% of the invoice value shall be made after collecting the payment from purchaser. If purchaser fails to pay the due amount on due dates, the supplier shall make the payment. Borrower/Supplier shall submit Bill of Exchange alongwith invoice LR / RR receipts. Suppliers to be eligible for factoring must have minimum track record of three years with consistent profitability and minimum net worth of Rs. 2.5 million.

Maximum limit shall not exceed two months average turnover of the supplier as per last audited balance sheet or projected turnover of current year subject to maximum of Rs.10 million.

BRAND EQUITY SCHEME : The assistance under this scheme is meant for units having good trade record for improving marketability of their products by undertaking activities such as market research, advertising, creating or enhancing the value of brand, providing audio/video for

electronic media participation in trade fair and setting up distribution network etc.

The maximum loan amount per borrower shall be Rs. 2 million and minimum Rs. 0.5 million. The assistance rendered under this scheme shall be usually 5% to 10% of turnover of the unit and disbursement may be made in three strokes depending upon requirement of funds after taking security as per norms of the Corporation.

FOREIGN LETTER OF CREDIT: Under this scheme, the Corporation will open the foreign letter of credit to import the capital goods through its banker on behalf of the clients, who have already been sanctioned the term loan for acquisition of imported capital goods.

Corporation will charge service charges / commission @, 0.05% on the amount of FLCs subject to minimum of Rs. 20,000/- per FLC for 90 days from borrower and an additional service charge / commission @ 0.25% per every quarter or part thereof will be charged from the borrower beyond 90 days.

FINANCE PROVIDED:

UPFC grant long term loans for acquisition of fixed assets i.e. land, building and plant machinery and also for meeting the expenses on stamps and registration, interest during the construction period and technical consultancy fee, to small and medium scale units proposed to be located in the state of U.P. UPFC also sanctions loan in participation with PICUP/Scheduled Banks the paid up capital and free reserve of the industrial concern should not exceed Rs.3.00 crores. UPFC also grants bridging loan against term loan sanction to facilitate an accelerated pace of implementation of its financed projects wherever necessary.

Under composite loan scheme entire requirement of term loan and working capital of different industries subject to a maximum of Rs.50,000/- is met by UPFC provided the units.

LIMIT OF LOANS:

The maximum loan which can be granted by the corporation to the following categories is mentioned below:

KIND OF CONSTRUCTION	MAXIMUM AMOUNT
1. Proprietorship / Registered Partnership concerns	Rs. 30 Lacs.
2. Private Limited Companies / Public Limited Companies	Rs. 60 Lacs.
3. Registered Cooperative Societies.	Rs. 60 Lacs.

Loans are not granted to the joint Hindu Family business. The corporation does not grant loans for working capital purpose. In Buneelkhand, UPFC is providing loans to hotel units in large scale. Every year this agency provides loan to 10 to 15 hotel units. 20% of hoteliers takes direct finance from this agency for construction purpose.

PURPOSE OF LOANS:

The loans are granted for setting up new industrial projects as well as for renovation and modernization of plant and machinery in case of existing units and also for the expansion interior diversification. The loans are generally secured by way of equitable mortgage of the fixed assets and hypothecation of plant and machinery of the units.

PAYMENT PERIOD OF LOANS:

Normally UPFC provides loans for a period varying from 3 to 12 years depending upon cash accruals in such case. The first installation of principal falls due after the expiry of gestation period of the loan on fixed dates, i.e. 15th Feb./ 15 August / 15 November which ever is applicable. The interest is to be paid quarterly on 31st March, 30th June, 30th September and 31st December each year.

To Tourism Industry, region Industries Center is providing all types of guidance and assistance to the entrepreneurs. A Region Industries center

started functioning in the region, in the year 1978 and it makes available all type of guidance related to industry sector.

d) **PARDESHIYA INDUSTRIAL AND INVESTMENT CORPORATION OF UTTAR PRADESH LIMITED (PIC UP):**

Ever since its inception in 1972. PIC-UP has striven assiduously to faster industrial growth and development in Uttar Pradesh helping new industries to come up and assisting existing industrial units to modernize, expand and diversify their operations.

To accomplish all this PICUP has played the dual role of a catalyst as well as direct participation in promotion of industrial projects, extending wide ranging financial and technical assistance backed up by strong institutional support.

PICUP, Financial assistance has covered a lot of ground, helping to set up industrial units in diverse fields such as electronic, telecommunication, chemicals. Food, processing engineering, automobile components, textiles, nursing homes, hotels and tourism.

DIMENSIONS OF PICUP :

PICUP offers a vast spectrum of financial assistance and services for setting up new medium and large scale industries as well as modernization, expansion and diversification of existing units through a comprehensive range of schemes detailed below.

a) **SCHEME OF TERM LOAN ASSISTANCE:**

PICUP provides secured term loans at nationally competitive rates of interest in accordance with the following guidelines:-

FOR PROJECTS COSTING UPTO RS.5 CRORES:

- | | | | |
|------|--|---|---------------------|
| i) | Extent of Assistance | : | Rs. 1.5 Crores |
| ii) | Debt Equity Ratio | : | Not more than 1:5:1 |
| iii) | Term loan available from Institutions. | | |
| a) | PICUP | : | 150 lacs. |

- b) UPFC : 90 lacs.
- c) Commercial Bank : Balance requirements
- iv) Minimum promoters contribution : 17.5 in category 'B' Regions, 20% in Category 'C' Regions and 22.5% in non Backward Regions.

FOR PROJECT COSTING ABOVE RS.5 CRORE AND UPTO RS.10 CRORS:

- i) Extent of Assistance : Decided on case to case basis
- ii) Debt Equity Ratio : Not more than 1:5:1
- iii) Minimum promoters contribution : 25%

Since completion of legal formalities relating to terms loans could take sometime. PICUP provides Bridge Loans to expedite project implementation while these formalities are being completed. Such bridge loans are generally to the extent of 50% of the sanctioned term loans and carry 1% higher interest rate as compared to term loans. However, in case the loan is refinanced by IDBI, the higher interest rate becomes applicable only if the Bridge loan is not converted into a regular loan, within one year. Interestingly, one has to complete the formalities for availing the bridge loan within one day.

FOR PROJECTS COSTING MORE THAN RS.10 CRORE:

PICUP can provide the entire range of services to arrange loan syndication and working capital. This includes preparation of applications and arranging joint meeting / interaction with central financing institutions right upto the stage of getting term loan and working capital sanctioned. For providing these services, the corporation would charge a fee @ 0.25% of the total loan syndicated and the working capital arranged.

b) EQUIPMENT RE-FINANCE SCHEME:

Under this, PICUP extends loans to existing industrial units for the purpose of purchasing new capital goods / equipments. Such loans cover upto 77.5% cost of the equipment (the balance to be financed by the borrower and are available to concern who:-

- i) have been in operation for at least four years.
- ii) have earned profits and / or declared dividends on equity shares during the preceding two years.
- iii) are not in default to institutions / banks in payment of their dues.

The important loan amount under this scheme is Rs.1.5 crores per proposal, upto a ceiling of Rs.2 crores per concern (Including loan given by UPFC). New projects are not eligible for loan under this scheme.

An important feature of this scheme is that the loan is sanctioned by PICUP within a maximum period of 30 days from the date of receipt of application and disbursement can begin within 7 days of the sanction of the loan.

c) LEASE FINANCE SCHEME:

Leasing is one of the most attractive scheme in financing the various categories of equipment of the industrial units. It is not an alternative to project finance but offers finance for the equipment which are to be replaced during the process of modernization / expansion or the balancing of the plant etc.

d) EQUIPMENT PURCHASE ASSISTANCE SCHEME:

Equipment purchase scheme is beneficial to entrepreneurs who intend to procure the equipment at short notice. The scheme is open to all industrial units and for all categories of industries. The process of sanction under scheme is less time consuming and involves almost no paper formalities prior to sanction. The legal formalities are also minimal.

The corporation would procure the equipment as selected by the entrepreneurs would pay the corporation monthly installments over a stipulated period. During the period of the agreement, the entrepreneurs would be eligible to claim depreciation.

e) EQUIPMENT FINANCE SCHEME:

The assistance under this scheme shall be availed for purchase of equipment items of plant and machinery and other equipment including energy saving system or equipment for modernisation / expansion / diversification / replacement or any other purpose. However, the assistance will not be available for self-fabricated items of plant and machinery. Second hand imported items will be considered for financing in the scheme.

Apart from the cost of equipment other expenses like transportation, installation and other erection charges may also be considered financing under this scheme.

The assistance under the scheme will be extended upto a maximum extent of Rs.200 lakhs to a company / concern. The borrowing concern will have to meet the minimum of 22.5% of the cost of equipment and other expenditure out of their own sources which will be in nature of promoters contribution.

f) VENTURE CAPITAL SCHEME:

The scheme aims at financing small / medium scale industries based on sound project ideas, which are based on new technologies. Assistance under the scheme is available for project promoted by technical entrepreneurs involving innovative technology, products, processes, market survey and technology up-gradation developed through in house R&D or recognized research laboratories and institutions.

a) ELIGIBILITY:

1. The assistance under the scheme will be available to projects costing upto Rs.10.00 crores.
2. Emphasis will be on the technology which should have been brought for the first time in the state of Uttar Pradesh and the existence of resources gap will not be the major criteria. The assistance will be available to projects with innovative technology and product.
3. In case, where the project is promoted by an individual or a group of individuals one of them should be a technologist or technocrat or professional possessing reasonable experience or manufacturing or services.
4. Only public limited companies are eligible for assistance.
5. The assistance under the scheme will also be available to such projects where term loan is not likely to be availed from PICUP.

b) QUANTUM OF ASSISTANCE:

Maximum assistance under the scheme will be upto Rs.15.00 lakh for a single promoter and may go promoter. Assistance under the scheme will not exceed 50% of the promoter's contribution.

c) FORM OF ASSISTANCE:

Assistance under the scheme will be given in the form of equity.

d) TERMS AND CONDITION:

- i) The assistance by way of subscription to equity share capital will be limited to 25% of the paid up share capital of the company.
- ii) The shares will have to be listed in a stock exchange or OTC exchange.
- iii) The share subscribed by PICUP shall be bought back by promoters at any time but definitely after 5 years from the date of subscription and before 10 years, as per agreed schedule, at the highest value calculated on the basis of the following three criteria:-

- a) Paid up value or the shares plus interest compounded years 15% p.a. from the date of subscription minus yearly dividend paid by the company upto the period of such buy back.
 - b) The assessed value of shares as determined by the auditors of the company on the basis of the net worth of the company on the date of PICUP offers.
 - c) The average over the proceeding 15 days of the share price ruling on the stock exchange where the shares are listed and quoted, when PICUP offer is made.
- iv) Proposal for buy back of shares will be made to the promoters by PICUP and they will have to communicate their consent within thirty days. In case they paid to do so, PICUP would be free to off load the shares in the market and any loss to PICUP on this account will be recovered from the promoters.
- v) PICUP's equity subscription shall be secured by pledge of an equivalent amount of promoter's shares holding in the company.

RATE OF INTEREST:

- a) Terms loan upto Rs.150 Lakhs - 18.5%
- b) For term loan beyond Rs.150 Lakhs - 19%
(on the entire term loan)
- c) Loan under Equipment Refinance Scheme. - 18.5%
- d) Loan under Equipment Finance Scheme. - 19%
- e) Bridge loan against public issue -
 - i) Pre subscription - 20.5%
 - ii) Post subscription - 10.5%
 - iii) Bridge loan against term loan 1% above normal rate till regular security is created.

MERCHANT BANKING:

PICUP offers a complete range of services for management of public issue, including:-

- i) Formulation of action plan for complying with formalities relating to the issue and preparation of tentative budget for total issues expenses.
- ii) Assistance in obtaining various consents and approvals from the Government, Financial Institutions, Reserve bank of India, Stock Exchange.
- iii) Advising the company on strategies to market the issue.
- iv) Project Appraisal (Certification)
- v) Underwriting of Public Issues.
- vi) Bridge loan against Public issues.

ADVISORY SERVICES:

A) MERGERS & ACQUISITION:

PICUP's term of professional is fully geared to provide consultancy on various issue involved in case of mergers and acquisitions including formulation of a business strategy PICUP can also help in finding suitable parties for a successful union Rs.2 lacs is payable to PICUP as a change.

B) INFORMATION TECHNOLOGY SERVICE:

PICUP provides information technology services and can undertake turnkey assignments involving preparation of feasibility reports. Hardware and software selection, workshop, implementation of computer systems, financial, credit appraisals project monitoring, payroll, personal information, and other software which may be developed from time to time and Register to issues.

ASSISTANCE TO NRI'S :

To attract non-resident Indian to invest in setting up industrial projects within Uttar Pradesh, the State Government has nominated PICUP's Managing Director as Commissioner for Non-resident Indian (NRIs).

PICUP will assist NRIs to get necessary facilities to enable their projects to take off, such as license for projects registration telephone connections, etc. and by helping to resolve their personal problem like admission of their wards to educational institutions etc. PICUP will be trying to make the overall environment more congenial for NRI's to function in.

AGENCY SCHEME:

As an agent of the Government of UP PICUP operates the state capital subsidy and the Sales Tax Exemption / Deferment Schemes.

a) SCHEME OF STATE CAPITAL SIBSIDY :

Under this scheme new industrial units set up in backward areas will be entitles to state capital subsidy on their fixed capital investment as under:

Category `A` -	20% (Maximum Rs.20 lacs)
Category `B` -	15% (Maximum Rs.15 lacs)
Category `C` -	10% (Maximum Rs.10 lacs)

b) SALES TAX EXEMPTION / DEFERMENT SCHEME:

In this scheme, sales tax exemption / deferment is linked to fixed capital investment as well as location, in the following manner. Sales Tax rebate would be available upto 100% of fixed capital investment or for 8 years in category `C` region upto 125%of fixed capital or 9 years in capital `B` regions and upto 150% fixed capital investment of for 10 years in category `A` regions whichever is earlier. An additional rebate of 25% would be given to small industrial units in each category.

c) FEASIBILITY STUDY SUBSIDY SCHEME:

To help in determining the techno economic feasibility of any medium and large scale project, PICUP subsidies the cost of techno economic studies for selected projects in the medium and large scale sector to the extent of 7.5% of the cost of the study subject to a ceiling of Rs.2 lacs. PICUP Commission reputed consultants in the field to carry out such techno economic studies on behalf of the entrepreneurs.

iii) **TYPES AND NATURE OF LOAN GRANTED:**

a) **AMOUNT OF LOAN:**

BANK: The banks have provided a grant deal of financial assistance to Tourism / hotel industry.

ADVANCING OF LOANS:

The deposits receive by the bank are not allowed to lie idle in the cash box of the bank. After keeping certain cash reserve the balance is given by the bank to the needy borrowers in the form of loans and advances. The various forms of loans and advances are as follows:

- i) Making ordinary loans
- ii) Cash credit
- iii) Over Draft
- iv) Discounting of bills of change.

Commercial banks provide advance loan for a short period to Travel Agencies / hotel. This agency sanction interest free loans arranging Rs.5000 to Rs.50,000/-. Although hotel unit obtain favorable treatment from commercial banks. The overdraft is easily adjustable or reasonable and fluctuating requirements of the hotel and the limits of over drafts can be negotiated regularly.

At present the finance is received through large public companies with other interest.

The Tourism related units such as Travel Agency raise finance through specific mortgage or bank over draft facilities.

Bank over draft facilities are widely used by seasonal Travel Agency / Tour Operators to finance the operation during the off / peak season.

Bank provides loan on the basis of financial standing and post management records of the individual Travel Agency, The bank also satisfy themselves that the loans will be adequately serviced. The term

and procedure of providing loans are generally same as those for other industries. Travel Agency secure loans for purchasing of different equipment, furniture and fittings communication systems such as Fax, EPBX, Mobiles phone, Motor cars, mortgage of property. The interest charged by the commercial banks on working capital provided to entrepreneurs varies from 14 to 16% per annum.

LOAN PROVIDED BY STATE BANK OF INDIA:

To different small-scale industry the S.B.I. provide short, medium and long term finance. In Bundelkhand region in last 10 year State Bank provided loan to 8 Travel Agencies and 49 Hotel units S.B.I. grants loans for period exceeding 12 months upto a maximum of 15 years for the purpose of establishing, the units, modernization, expansion and renovation.

It is normally granted to cover the cost of capital expenditure i.e. acquisition of loan, buildings, plant and machinery. In certain cases, term loan is also provided for purchase of furniture and fixtures. Where the unit has already spent money on fixed assets from its own sources during the last 12 months, the unit can be re-imbursed after retaining suitable margins.

Normally, a margin of 23% is retained on plant and machinery and 33.3% is retained against land and building. However, 25% margin may be retained if plot is subject to prior approval of the authorities. Rate of interest on term loans with repayment period of 3 years and above is 13.5% per annum. In case of term loans which are repayable in less than 3 years, the rate of interest would be as per interest rates applicable for working capital advances, which is dependent of limit slab after limiting working capital limits to short term loan limits.

BRIDGING LOAN:

When any unit has been sanctioned a term, loan by term financing institution but there is delay in disbursement of pending execution of documents, bank grant bridging loan a clean over draft after obtaining an undertaking from the term financing institution that the loan amount would be disbursed through Bank.

LOAN BY UPFC :

Assistance to the hotel unit by way of providing loan terminal in nature or otherwise is the main functional area of Uttar Pradesh Financial Corporation and yet, it is quite surprising to note that the term loans have not been defined as such by the State Financial Corporation Act, 1951.

However, term 'Term Loan' literally means lending of money for a specified term i.e. period of time.

The amount sanction limit to hotel unit is Rs.30 lacs to Rs.60 lacs.

b) **AMOUNT OF SUBSIDY:**

The applications for subsidy is submitted by the entrepreneurs on the prescribed application form to concerned Regional Manager of the U.P. Financial Corporation. After processing the application the same is put in for sanction before the Region level committee in respect of the cases in which the subsidy works out upto Rs.2.25 lacs. The cases in which the subsidy amount works out above Rs.2.25 lacs, the application for sanction of subsidy is to be submitted by the entrepreneurs to special scheme Department, and then to state level committee. After the sanction of subsidy and legal documentation disbursement is made at the Regional office.

INTEREST SUBSIDY SCHEME:

The corporation is working as an agent of the State Government for implementing the interest subsidy scheme, which is meant for small loans ranging between Rs.5,000/- and Rs.1.0 lacs. sanctioned and disbursed.

For eligibility of getting subsidy under the scheme, the minimum period of loan repayment should be not less than three years and should not exceed 12 years. The subsidy is given by way of reimbursement of interest paid by the industrial concern to the financial institutions over and above the minimum rate of interest is 6% per annum. The scheme remains operative over the entire duration. Two defaults on the part of an industrial concern shall not deprive it from interest subsidy provided the entire loan and

interest payable is repaid within the total period allowed for repayment of the loan.

TOURIST DEPARTMENT:

Tourist development activity subsidy at present is Rs.10,000/- which is being considered to be Rs.50,000/- for hotelier.

iv) PROCEDURE & LEGAL REQUIREMENTS REGARDING SANCTION AND DISBURSEMENT OF LOANS:

Different institutions invariably insist on project reports being Submitted along with the applications for financial assistance, but there are only few expert agencies or consultants who are capable of preparing meaningful project reports, though Tourism Industry is by all means new to this country. Project report seldom measure up the requirement of institutions, and are very often superficial, Likewise commercial bank, SBI requires information of project reports, if they are satisfied by all information then they sanction loan to that entrepreneur.

UPFC:

The entrepreneur is required to submit the loan application duly filled in triplicate alongwith the detailed project report. For loans upto Rs.10 lacs the application is to be submitted to the Regional Officers and for above Rs.10 lacs the application is to be submitted to the Head Office of the corporation.

PROCEDURE:

An entrepreneur apply for loan on the prescribed application form and encloses detail project report showing capacity, cost of project, arrangement of finance, market scope and estimate of profits. Title of land, estimate of building and quotations of plant and machinery from reputed suppliers / manufacturers should invariably be enclosed.

The procedure and legal requirement for sanctioning the loan to unit have gone through various changes since the very inception of the corporation. It is partly due to the goal of the management of the corporation to simplify

the procedure to attract genuine entrepreneur and partly to the drive to avoid bad investments.

A detailed sketch of current procedure and legal requirement for sanctioning loan by the corporation is as follows:

- i) Early conception of idea and contacts.
- ii) Submission of request for the loan.
- iii) Requirement of margin money.
- iv) Technical Requirements.
- v) Financial Requirements.
- vi) Legal Requirements.

PROCEDURE AND LEGAL REQUIREMENT:

On the receipt of the loan application, it is processed by the corporation on the basis of the information supplied by the applicant. If the information is not adequate or is incomplete, the same is asked from the promoters. For this purpose a legal check list is issued. The promoters are advised to ensure completion of legal formalities quickly. If the loan is sanctioned, a detailed sanction advice is issued to the applicant advising there in the terms and conditions of the sanction of loan and asking the unit to complete the requirement of legal formalities. However, the issue of service advice is not binding on the corporation to disburse the loan.

The legal requirements to be complied with by the incumbent can be ground under the following heads.

- 1) Legal service charge.
- 2) Documents relating to land.
- 3) Documents relating to organization and management of the unit.
- 4) General Documents.
- 5) Security Documents.
- 6) Other conditions and commitment levy.

LEGAL SERVICE CHARGE L.S.C.:

At the stage of issue of sanction advice the applicant is required to deposit the legal service charges, the revised rates at which is tabulated below:

AMOUNT OF LEGAL SERVICE CHARGES REVISED BY THE CORPORATION QUANTUM OF LOAN

Sr.No.	From (Rs.)	To (Rs.)	L.S.C. (Rs.)
1	-	Upto 25,000	100.00
2	25,001	Upto 1,00,000	200.00
3	1,00,001	Upto 2,00,000	500.00
4	2,00,001	Upto 5,00,000	1000.00
5	5,00,001	Upto 10,00,000	2500.00
6	10,00,001	Upto 20,00,000	4000.00
7	20,00,001	Upto 30,00,000	5000.00
8	30,00,001	Upto 40,00,000	6000.00
9	40,00,001	Upto 60,00,000	7500.00

NOTE: Rate of L.S.C. are changed time to time.

Only 75% of the processing fee and 50% of the legal service are levied from the units coming up in backward areas. Also the entrepreneur belonging to scheduled castes / scheduled tribes / backward classes / Ex-serviceman / unemployed technicians / craftsmen, units availing loan under composite loan scheme and the units being set up in Rural growth centers will enjoy 50% concession in payment of prescribed processing fee and legal service charges irrespective of areas where the unit is being set up. The entrepreneurs are required to deposit, the processing fee immediately. However legal service charge are deposited after the sanction of loan.

LOAN DISBURSEMENT:

The corporation disburses the sanctioned loan as per terms and conditions in the sanction advice. As per delegations of power, all loans are

disbursed directly the borrower is than forwarded to the disbursement department of the Regional Office for the disbursement of the loans.

SUBMISSION OF RANTING PAPERS:

The entrepreneurs are required to furnish a certificate from the Chartered Accounts to the corporation prior to the first and last disbursement of loan about the raising of capital investment etc.

The expenditure incurred by the party for the creation of fixed assets at the Mortgage site is verified by the technical officers of the corporation before first and often 90% disbursements are make on the basis of affidavit duly certified by Notary submitted by the party containing the details of investment made at mortgage site under different heads as per sanction advice issued to the party and to verify the utilization of disbursed amount two inspections are also made after the 40% and 75% disbursement of the sanctional loan. Further, if required the Regional Manager can get the unit inspected at any time following procedure is adopted for the assessment of security under each head.

LOAN AND SITE DEVELOPMENT :

In case the part of loan has been sanctioned against the loan and if the land is feruled, the disbursement will be made to the borrower considering the value of the land as per sale deed including stamps and registration charges or as per cost sanctioned by the corporation, whichever is less. In case the land has been taken on lease from any State Government agency e.g. UPFC, D.I., UPLC etc. the payment against the land to the extent of amount of loan sanctioned under this head, shall be made directly to the concerned agency towards the unpaid premium and in interest with the conditions that the balance, if any remains unpaid will be paid by the borrower. The loan sanctioned for site development is disbursement according to the investment made at site.

PLANT AND MACHINERY :

DISBURSEMENT AGAINST MACHINERY PURCHASED FROM OWN RESOURCES

In case the machinery as per scheme approved by the corporation are purchased by the borrower from his own resources, disbursement of loan against the machinery will be made on the basis of values paid / Estimates as per sanctioned which over is less after physical verification of the machinery at the mortgage site and also verifying payment receipt, original bills to the entire satisfaction of the corporation.

DISBURSEMENT AGAINST RETIREMENT OF DOCUMENT THROUGH BANK:

In case the machinery is being purchase from the Govt. company disbursement can be made directly to them on the basis of proforma invoices subject to the submission of certificate that machine are ready for dispatch. In case of purchase of plant and machinery from the reputed companies other than that of Govt. the documents of the machineries should be submitted through the bank to the corporation. The documents shall be retired on presentation with bank intimation provided that the borrowers have deposited their margin by way of advances to the suppliers. The corporation before retirement of said documents verified the consignment of the machinery at the transporters site.

The advances made to the reputed suppliers as per scheme approved by the corporation for purchase of plant and machinery equipment can be taken into security to the extent of 30% of the cost of plant and machinery to be financed and the disbursement of loan shall be made at stipulated margin with the certain condition.

SELF FABRICATED PLANT AND MACHINERY:

Generally self fabricated plant and machineries are not encouraged. However in exceptional cases this can be agreed to by the corporation. The disbursement of the loan against these terms shall take place only after the machines have been completely fabricated, install at site and

their trial run to the entire satisfaction of the corporation. However, in exceptional cases, deviations are considered on merits.

TECHINCAL KNOW HOW:

Whenever, such fee has been sanctioned for the purpose of financing by the corporation disbursement shall take place on production of satisfactory proof regarding payment made provided such payment has been incurred in accordance with the terms and conditions of the Agreement, if any approved by the corporation and detailed drawing, designs, flow charts etc. In respect of Technical know how should be deposited with the corporation.

INTEREST DURING CONSTRUCTION PERIOD:

While sanctioning the loan the provision of interest, which would accrue during the implementation period of the project, is made depending upon the implementation schedule approved by the corporation. The amount sanctioned for this purpose is released where and when the interest falls due by including the amount in the value of security. Prior to release of disbursement under this head, the borrower will have to meet the margin on which the loan has been sanctioned.

BRIDGING LOAN:

Besides the above, the corporation also sanctions and disburses bridging loan on merits after taking collateral security in these cases where entrepreneur are facing difficulty in getting regular mortgage.

**(V) ANALYSIS OF LOAN SANCTIONED BY DIFFERENT
FINANCIAL INSTITUTIONS DURING THE STUDY PERIOD:**

PROGRESS OF THE CORPORATION IN KEY AREA FROM 1999-00 to
2002-03

UPFC in BUNDELKHAND REGION RS. LACS

SR. NO.	AREA OF OPERATION	1999-00	2000-01	2001-02	2002-03
1	Sanction	1307.59	1921.17	4174.88	5218.20
2	Disbursement	646.05	1236.17	3447.68	3580.31
3	Recovery	765.29	1370.63	1914.66	2488.79

**(VI) DIFFERENT PROMOTIONAL ACTIVITIES OF UPFC AND OTHER
FINANCIAL INSTITUTIONS:**

UPFC:

U.P. Financial Corporation was established on November. 1st 1954 by the Govt. of U.P. under the SFC's Act. 1951 with its Head Office at Kanpur. UPFC took a humble step for the Industrial Development of the state of Uttar Pradesh by providing term loan assistance to small and medium scale units. Several unit nurtured by UPFC have groomed into large enterprises.

U.P. is the biggest state of India having a total area of 294000 sq.km. and a population of approx. 20 crores. It house a number of industrial units situated in 89 Industrial Zones and Industrial parks, U.P. is home to a number of industrial houses. It is among one of the best state of India in terms of buying power and availability of raw materials.

Its sheer size and location for accessing North Indian Market has made a large number of corporate in invest their money into project in U.P. and the list of identified priority sector industries include, Agra based

industries, Animal Husbandry, Engineering, Food proceeding. Horticulture, Petrochemical, Silk and Sugar.

With its Regional offices spread all over the Revenue Divisional Head Quarters and other important places of U.P. like Noida and Ghaziabad and the Branch Offices in Jhansi and Jhansi Divisions for hill region. UPFC endeavors for the industrial development of the State by providing long-term loans for acquisition of land, building, plant and machinery and also for meeting the expenses on stamps and registration. Interest during construction period and consultancy fee to the small and medium scale units located / proposed with in U.P. provided the paid up capital and free reserves of the industrial concerns do not exceed 10 crores.

At present UPFC is one of the premier term lending state financial corporation of India it has played a pivotal role in the development of entrepreneurship in the State of U.P. Till date UPFC has sanctioned loans to 65312 units with total assistance amounting to Rs.3137.32 Crores. IDBI has granted 'A' Category status to UPFC indicating overall satisfactory performance of UPFC.

SERVICES RENDERED BY U.P.F.C.:

UPFC grants long term loans upto Rs.240.00 lacs to companies and Registered co-operative societies and upto Rs.90.00 lacs to proprietorship Registered partnership firms.

Projects with larger capital outlay are financial by UPFC in participation with PICUP / Scheduled Banks.

UPFC provides assistance to industrial and service concerns for their new projects as also for expansion, diversification and modernization schemes. UPFC has come out with various innovative schemes to provide financial assistance and promote industrial development in U.P.

UPFC provides long term loans to infant industries as well as helps existing industries / service sector units to keep pace with modernization,

diversification and expansion shall and medium scale units whose paid up capital and free reserve are under Rs.10 crores and whose project outlay is upto Rs.10.00 crores can avail of UPFC's range of schemes.

Joint financing with PICUP / Scheduled Banks is under taken by UPFC and projects with capital outlay of upto Rs.10.00 crores are financed with consultation and advice of Industrial Development Bank of India (IDBI).

TRANSPORT OPERATORS LOAN SCHEME:

UPFC provides long term loan to acquire new vehicles to Drivers in Hill areas (Trucks) Tourist coach / tankers etc. to the extent of 85% of the cost of chasis and body assistance under the scheme is also available to Harijans and Ex-servicemen in other areas of the state by way of term loan to the extent of 85% (for Harijans) and 75% (for Ex-serviceman) of the cost of chasis and body. Under this scheme financing is also done for tankers to be used for transportation of petroleum products, oil, milk and chemicals etc.

SCHEMES FOR HOTEL AND THE TOURISM SECTOR:

With an aim of giving a filling to the burgeoning tourism industry in Uttar Pradesh, UPFC provides easy financial all for establishment of hotels, motels, restaurants, traveling agencies, amusement parks etc. Assistance is also within arms reach for expansion and refurnishing of existing facilities in the tourism sector.

SCHEME FOR NURSING HOMES AND ELECTRO MEDICAL EQUIPMENT:

UPFC provides term loan assistance to medical practitioners having MBBS, BAMS / BDS Degree for setting up Nursing home / Hospital with 20 or more beds having expert services of at least one post graduate Doctor with qualification of MD / MS etc. on full time basis. The assistance is also provided for expansion, Modernisation of existing Nursing Home.

The assistance is also given to MBBS/BAMS/BDS Medical practitioners for establishment of X-Ray Clinic under this scheme, maximum loan limit is Rs.5.00 lacs out of which Rs.2.00 lacs for building and Rs.3.00 lacs. for

machinery can be granted loans upto 1.00 lac (for plant only) and Rs.1.50 lacs. (both plant and the room where in it will be installed) are also granted for setting up X-Ray Clinic in rural / semi urban areas having population of 2.00 lacs or less as per census of 1981. Financial assistance also provide upto 90 lacs for electromedical equipment.

COMPOSITE LOAN SCHEME:

Under composite loan scheme, entire requirement of term loan and working capital of village and cottage industries subject to a maximum of Rs.50,000/- is met by UPFC provided the unit is establishment within the identified clusters. In rural / urban areas having population less than 5,00,000. There is no restriction of population for artisans.

SCHEME FOR YOUNG PROFESSIONALS:

Over the years UPFC has been assisting larger numbers of professional such as Doctors, Chartered Accountants, and Cost Accountant to set up their own professional enterprises.

SINGLE WINDOW SCHEMES:

To overcome the difficulties and delays being experienced by tiny and small scale units assisted by SFC's in securing timely and adequate working capital finance from banks, UPFC on the basis of guidelines of IDBI, has adopted. Single window scheme for providing financial assistance both for term loan as well as working capital. The salient features of the schemes are as under:

1. ELEGIBILITY CRITERIA:

- i) The scheme is meant for new tiny and small scale industrial. Units going for diversification / modernization / expansion or under implementation are not eligible.
- ii) Only such tiny and small scale unit whose cost of project excluding working capital requirement does not exceed Rs.5.00 lacs and total working capital requirement at optimum capacity utilization is not more than Rs.2.50 lacs would be eligible for assistance under this scheme.

2. PROMOTERS CONTRIBUTION:

Margin against capital cost will not being less than 20%. However, there are no rigid norms as regards to minimum promoters contribution.

3. DEBT EQUITY RATIO:

Maximum Debt Equity Ratio permissible under this scheme is 3:1.

4. RATE OF INTEREST:

The effective rate of interest under thus scheme would be as under:-

i) FOR LOAN AGAINST FIXED ASSEST

	Gross	Rebate	Effective
a) Backward Region	15.5%	3.0%	12.5%
b) Non Backward Region	16.5%	3.0%	13.5%

ii) FOR LOAN AGAINST WORKING CAPITAL IRRESPECTIVE OF LOCATION:

	Gross	Rebate	Effective
a) With Refinance	17.0%	3.0%	14.0%
b) Without Refinance	18.0%	3.0%	15.0%

5. SECURITY:

i) FOR TERM LOAN AGAINST FIXED ASSETS:

First charge on fixed assets i.e. mortgage of land and factory building and hypothecation of plant and machinery. In case the loan is for plant and machinery only, in the ranted premises, then registered less dead for a minimum period of 20 years with renewal clause of 5 years or in lieu there of collateral security at least to the extent of 50% of the loan amount shall have to be provided by the entrepreneurs.

ii) FOR LOAN AGAINST WORKING CAPITAL:

- a) First charge on current assets (floating assets).
- b) Collateral security to the extent of 25% of the amount of loan against working capital should only be taken and the balance 75% third party guarantee by one or mote than one person may be invariably obtained in all the cases.

6. LIQUIDATION OF CUT WORKING CAPITAL LOAN BY BANK LOAN:

Assisted units may approach the bank for availing / release of working capital assistance at any time i.e. even before the loan against working capital has been disbursed by the corporation. In the long run, it will be in the units own interest to avail the working capital finance from Bank.

HOW TO APPLY:

The entrepreneurs are to required to apply for loan on prescribed application forms along with project report simplified application forms are available in Regional Officer as well as at Head Office for financial assistance the application form is to be submitted to the Regional Manager of the concerned areas.

SCHEME FOR MARKETING ASSISTANCE:

UPFC provides Financial Assistance for setting up new sales outlets / showrooms as well as for the renovation and expansion of existing outlets for marketing products of small / cottage and village industries. Under this scheme, the project cost should not exceed Rs.20 lakhs.

SCHEME FOR WORKING CAPITAL TERM LOAN:

UPFC has recently stand financing small and medium scale units with a good track record for their working capital requirements to the extent of Rs.150 lacs.

EQUIPMENT REFINANCE SCHEME:

This scheme is applicable to existing industrial concerns which have a good past record of performance and sound financial position. Concerns should have been in existence for at least 4 years have earned profits and declared dividends on equity shares during proceeding two financial years and have not been in default to any institution / banks in the payment of their dues. Assistance under this scheme may be availed for purchase of new plant and machinery (Indigenous as well as imported) and other equipment including energy saving systems for modernization / expansion / balancing / replacement / or any other purpose except for new projects.

EQUIPMENT FINANCE SCHEME (EFS):

The EFS scheme replicates the Equipment Refinance Scheme except that these units should have been in existence for three years and should have recorded profit for the previous two years. However there is no restriction on the cost of project under this scheme.

1. ELIGIBILITY:

All S.S.I. Units, how as well as existing are eligible for assistance under this scheme for new project, assistance is provided both for capital cost of project and complete equipments required for testing and quality control facilities, for quality evaluation of raw materials and finished products. The projects availing facility under this scheme shall have to amply suitable qualified personnel, for operation of Quality Control Equipments and shall ensure that the facilities intended are yielding-anticipated results in improving quality of products.

2. MAXIMUM LIMIT OF ASSISTANCE:

Under the scheme the maximum loan amount, which can be sanctioned in to the extent of Rs.75.50 lacs.

3. PROMOTER'S CONTRIBUTION:

For existing projects on promoter's contribution is insisted. In case of new project the contribution will be recalled on the basis of project cost excluding the outlay on Quality Control Equipment.

4. PERIOD OF LOAN:

Under the scheme loan shall be repayable in a period of 10 years including gestation period of 3 years.

5. RATE OF INTEREST :

a) Backward Region	Cross	Rebate	Effective
With Refinance	14.5%	3.00%	11.5%
Without Refinance	16.5%	3.00%	13.5%
b) Non Backward Region			
With Refinance	14.5%	3.00%	11.5%
Without Refinance	17.5%	3.00%	14.5%

Under this scheme projects availing financial assistance, interest rebate of ½% (eligible for Ist/AG Mark) is not available.

PROJECT CERTIFICATION:

UPFC has rich experience of over four decades in conducting exhaustive appraisals of projects and investment the fee for project certification has been kept highly competitive at 0.3% of the project cost subject to a minimum of Rs.2,00,000/-.

LEASING:

UPFC is extending leasing assistance to industrial concerns upto Rs.3 crores over and above the term loan assistance of Rs.2.4 crores for a period of between 36 months to 60 months on very competitive lease rentals and flexible terms and conditions.

UPFC TO FINANCE SERIALS:

In order to broaden its activities, UPFC has decided to tap new areas like production of television serials which includes that shows, teleserials, game show, quiz and programmes of Tourist interest.

UPFC has decided to promote the production of TV serials in the state under this scheme financial assistance ranging from Rs.5 to 50 lacs would be provided to the producers who have already produced and aired TV serials through same channels. The other condition for financing is that the serials should be shot primarily in the state of U.P. and the same must be approved by Door-Darshan or any other channel.

SEMFEX SCHEME:

Loan assistance upto Rs.9.00 lacs is given to Ex-servicemen and disabled service personnel under special scheme called 'SEMFEX' Scheme. The maximum cost of project allowed under this scheme is Rs.12.00 lacs. The schemes envisaged provisions of 15% need capital assistance on soft terms for making up the equity gap having normal 1% rate of interest p.a. longer repayment period with upto 5 years moratorium period promoters contribution is only 10% of the total cost of project.

ASSISTANCE FOR MODERNISATION OF INDUSTRIES UNITS:

UPFC also provides assistance for modernization of Industrial units to overcome the backlog of modernization and to adopt improved and up dated technology and methods of production, to prevent mechanical and technological obsolescence. Modernisation includes replacement or renovation of plant and machinery or acquisition of balancing equipment for fuller and more effective utilization of installed capacity. Normally, the units should be an existence at least for a period of 5 years and in the case of replacement, renovation the machinery should have been in use in the units for period of at least 5 years. The objective of the scheme is to reduce unit cost of production technology improvement, improved productivity both in quality and quantity, better profitability etc. Export oriented and import substitute etc. Export oriented and import substitute scheme will be accorded higher priority.

INVESTMENT AND MERCHANT BANKING:

UPFC envisages investment banking as one of the major thrust activity. The corporation is making investment in the equities of the units assisted by it. UPFC has made direct investment in the equity of 13 companies amounting to Rs.3.49 crores. UPFC has rich experience of over four decades in conducting exhaustive appraisals of projects and investments also.

In order to meet the challenges of liberalized policy of the Govt changed economic scenario, UPFC started its merchant banking and other financial services excellent expertise of project appraisal and term lending officers a whole gamut of services which includes issue management underwriting, project counseling and corporate advisory services.

SCHEMES FOR WOMEN:

1. MAHILA UDYOG NIDHI SCHEME (MUN):

This is for projects of SSI/tiny sector, service industries upto Rs.10 lacs under this special scheme for Women Entrepreneurs, interest free seed capital assistance upto 25% of the cost of project is also available at 1% service charge besides term loan. The promoter's margin is kept low at 10% margin.

NUMBER OF APPLICATION ACCEPTED FOR LOANS:

In Bundelkhand , when different Institutions received number of loan applications in time, they hold meetings for selecting properly filled applications in which necessary documents are attached, project reports and all the legal requirements are completed by owners.

After this the selected applications are considered for loan.

In the following table 'A' the information about the loan applications accepted by UPFC, Banks and Tourism Department during study period are given:

TABLE - 'A'

NO. OF LOAN APPLICATIONS (LONG TERM) FOR CLAIMS
ACCEPTED BY VARIOUS INSTITUTIONS

YEAR	UPFC	C.BANKS	TOURISM DEPARTMENT	TOTAL
1993-94	25	16	16	57
1994-95	30	19	15	64

1995-96	38	18	16	72
1996-97	42	26	18	86
1997-98	45	28	18	91
1998-99	52	31	23	106
1999-00	48	32	28	108
2000-01	57	37	31	125
2001-02	60	47	42	149
2002-03	78	51	48	177

From Table - 'A' it is observed that out of total loan applications accepted by different financial institutions the contribution of UPFC remained maximum during the study period. Commercial banks remained on second place. As per as the Tourism Department of Jhansi Region is concerned. It's contribution remained lowest.

So in Bundelkhand region UPFC, Commercial Banks & Tourism Department are playing a vital role for the growth of hotel industry by providing loan.

NUMBER OF APPLICATIONS REJECTED AND THEIR REASONS:-

During the study period UPFC, Commercial Banks and Tourism Department

accepted, number of application, all applications are not accepted by these agencies, some of applications are rejected with the notable reasons.

These reasons are discussed below:-

1. Incomplete loan applications. --
2. In case where the entrepreneur fails to submit loan applications upto given date the loading agencies reject their loan applications.
3. In case where application remained unsuccessful to deposit Processing fee and legal service charges in time.
4. Where the entrepreneurs failed to submit application from along with detailed project report.

5. In case the entrepreneurs fail to submit required legal, technical and financial reports to UPFC and Banks.

In Bundelkhand reion , UPFC, Commercial Banks & Tourism Department rejected number of applications, because entrepreneurs did not fulfill required information or not attached reports with loan applications.

The following Table 'B' clears the position of applications rejected by financial Institutions during last decade.

TABLE - 'B'

No. of application rejected by UPFC, commercial banks & Tourism department, Jhansi region, during 2001-02 to 2002-03.

Year	UPFC Jhansi	Comm. banks, Jhansi	tourism department,	Total
1993-94	NIL	5	4	9
1994-95	NIL	3	NIL	3
1995-96	NIL	8	3	11
1996-97	NIL	4	4	8
1997-98	NIL	5	3	8
1998-99	2	9	5	16
1999-00	1	4	4	9
2000-01	NIL	5	6	11
2001-02	3	6	5	14
2002-03	NIL	8	7	15
TOTAL	6	57	41	104

From the above Table - 'B', it is clear that during the last decade maximum No. of loan applications were rejected by Commercial Bank due to one or more mentioned reasons. The minimum No. of rejection remained in UPFC only 6 applications were rejected during the decade.

CHAPTER VIII

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CHAPTER-VIII

PROBLEMS FACED BY UPFC & OTHER FINANCIAL INSTITUTIONS

1. FINANCIAL CONSTRAINTS:

Earlier the state government as well as I.D.B.I was liberally assisting the corporation by way of equity support and refinance respectively. However, presently the state government is not coming forward to support the corporation due to financial constrain faced by state government it self. The I.D.B.I has also reduced the refinance limit from 90% to 65% or so besides this there is slump in the general market and the corporation is forced to raise market be growing on higher interest rate. Due to this the spread has gone down as the corporation has to face competition from other financial institutions like Bank etc. where cost of borrowing is very less as they take deposits from public at the rate varying from 6% to 12% whereas the corporation is taking refinance/market borrowing up to 15.5%. Besides this the repayment from existing units financed by the corporation in previous years is also not up to date which also effect the liquidity of the corporation.

2. ORGANISATIONAL CONSTRAINTS

The success of the Organization depends upon the employee's co - operation and participation. It is always a two way process. The Managing Director should hold discussion with employees and invite their suggestions for running the organization in profit zones. The employees attitude is to be changed and they can not work at relaxed manner by passing buck at others. Initiative or drive is necessary at this moment to the employees. It is human psychology that nobody wants to see his own organization die and they may accept to change in the new environment instead of being sent out in the streets.

State government and the frequent changes in the government effect the tenure of the Managing Director, which was earlier averaging 3 years but now has been reduced, appoint the Managing Director of the corporation.

It affects the continuity of the policy and ultimately affects the results in the performance of the corporation. Besides this the statutory minimum limit of wages and salaries also inputs a burden on the corporation financially. The Managing Director should give importance to seniors in the matter of promotion and in important assignments. There is nothing wrong in giving assignments to those who evince interest and have experience in the related work. In the event of out of turn promotions the Managing Director should not create an impression in the minds of subordinates staff the genuineness of action / decision taken.

3. **MARKETING CONSTRAINTS**

Tourism is one sector, which encompasses everyone in this world at least once in his or her lifetime. The needs of tourists are universal and its dimensions are manifold. Tourism is the phenomenon of travel and stay of strangers to a new place, which does not imply any permanent residence or remuneration. It is an outcome of man's psychology need to break – free from monotony of life. The breath – taking business opportunity offered by it, has broken the perception on tourism either as a travel or as sightseeing. The business opportunity of tourism is so special in the sense that it offers a opportunity to earn foreign exchange with a very limited or nil tangible exports. Tourism business is so spectral. To cash on from this spectacular scenario, it is important for any businessman to understand the basics of tourism. A comprehensive view on tourism will effectively result in effective product positioning for their products.

Market, technically is the set of people who are willing and able to purchase products of a company, cues from need for a product. When a need is well nurtured with efficient products and trouble – free supply, the market grows. Market, the case of tourism can be equaled to any domestic market i.e. the set of needs of a family. However, the inmates of this family are member of international community. Therefore their interests are very highly varied and their needs are on every possible aspect of this world. This unique situation challenges tourism matters beyond imagination. Therefore a systematic approach can only help provision of products with

appropriate return and growth too. The tourism structure representation provides clarity on the sectors of tourism. Each of these sectors namely tourism developers, travel agency and tour operators, hoteliers and entertainers cater to needs specific to their own sectors. Their concentration is primarily on the product of the sectors and not on the needs of tourist. That is, an hotelier may provide an inviting food but may be amazing to why an hotelier should know about travel basics. In tourism, marketing is not only on one's own product but also on the gamut of tourist's need. That is why tourism is amazing.

The task of provision of tourism through appropriate marketing can be established in the following fashion

- a. **Identification of Tourist Needs** – Identification here means not just for one sector but also for the total program of a tour. In doing this the needs to tourists can be comprehensively understood and the products of Tourism can be provided at every appropriate stage to them so that tourist enjoy tourism totality. In this way the tourists also get categorized. On the other hand provision of tourism gets into specific segment of tourists. This step can be termed as market research.
- b. **Identification of Market Structure** – Market structure is determined by knowing the potential customers and their preferences. Usually preferences fall under three categories namely homogeneous, diffused and clustered. However in tourism the preference are on all stages of it. Here, a tourist may want to travel by an A/c coach but will prefer to stay in a tree house for accommodation. Hence the preference comes under all categories. Therefore, the preferences should be aligned in total, which may be termed as preference pipes.
- c. **Developing the Product** – Developing of the product is the crux to any marketing effort. In tourism, the product has to be developed as in the case of the usual product using the stage of idea generation, screening concept development and testing, market strategy, business analysis product development and commercialization. But the uniqueness in tourism – product is that it should show the totality for any tourist to complete the tourism – experience.

- d. **Offering the Product** – Product offer to the customer is the price of the product and its availability to them. Pricing, in tourism, does not differ much from the rest. However, distribution is a classic case. In tourism, distribution takes a reverse rule. Once the attractions are ready it should be provided with good accessibility so that tourist reach the product. Thus there is no packaging in tourism for the products.
- e. **Promotion the Product** - Promotions occupy a major role in tourism. Since the distribution is unique for tourism, promotions try to tap the basic motivations of potential tourist, initiating them on to a tour. The methodology of promotions remains the same.

There are so many institutions in the market to finance industries etc. like PICUP, Bank and private financiers. Due to lower rate of interest of banks, the entrepreneurs prefer to approach banks to take finance. Besides this UPFC is bound by SFC's act and cannot finance some activities like schools and shopping complex, which are being financed by the bank, and there is lot of scope of the sea activities in Bundelkhand. UPFC is covered by the norms of IDBI/SIDBI from where it is taking refinance. Whereas the bank can finance either way by own funds or by refinance. There are various conditions like minimum repayment period, ceiling on interest rates and other conditions, which put the corporation as a noncompetitive in the field. The corporation has also to finance small loans with no security under special scheme of state government/SIDBI/IDBI as its obligations, which effects the repayment in the long run.

4. **OTHER CONSTRAINTS**

In the Board of directors most of the directors are from the government side and it should also include some professionals, but the corporation is bound by SFC's Act and cannot choose the directors on its own. There is a recession in the industry in general and the corporation is also affected. Due to slump in the market borrowings at low rate of interest are not available and the corporation has to depend mainly on the finance and bond with higher rate of interest.

Different institutions face various problems in granting loans to entrepreneurs. In Bundelkhand region different agencies faces such problems as :-

1. In Bundelkhand region every year new entrepreneur requires loan from different agencies. The main problem of these institutions is selection or loan applications. Many entrepreneurs do not include in detailed projects reports, and does not fulfill the legal requirements and as applicant is required to deposit the legal service charges, along with requisite paper to complete legal formalities.

As entrepreneurs are required to deposit all original documents pertaining to the title of land along with the title deeds in favor of previous owners, if any to establish his title there to. Since the loans are granted against the equitable mortgage by deposit of original title deeds, marketability of the title becomes very important. The owners of the immovable properties are required to deposit then in accordance with the requirements of the law. As agency complained some entrepreneurs do not fulfill required information so they reject the loan applications. But when the loan applied for, has been sanctioned the entrepreneur shall be bound to comply with any general or specific order of the corporation relating to the inspection of the unit. Applicant should furnish all reports and statements as the agency may require from time to time.

2. Another problem is that entrepreneur does not deposit all original documents pertaining to the title of the projects.
3. Before granting loans to entrepreneurs, institutions have to conduct a survey of loan site. Survey team wastes lots of time, they have to analyze about site, market position, environment effects, source of raw material, and finance for project. After collecting all information they hold meeting and they are satisfy by required information, then grant loans to applicant.

Bank institutions and other agency also requires above date from applicant.

In Bundelkhand region, various agencies stokes-men told that some entrepreneur do not know how to complete all legal procedures. In proper way and did not pay interest rate in time.

DIFFICULTY OF REPAYMENT

It is very common problem before institutions. The recovery of loan to Tourism sector/hotel is poor. Only few units are there which refund the due amount of loan and the interest there on in due time. Most of the units remain failure in regular repayment of installments due to which UPFC and banks have to face great problems. Some times the corporation and banks have to move to the court for legal actions against the defaulters. Thus the poor recovery is serious problem faced by these institutions.

CHAPTER IX

Problems Faced By Hoteliers and Travel Agencies

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CHAPTER-IX

PROBLEMS FACED BY HOTELIERS, TRAVEL AGENCIES

1. Impact of Budget

Under Section 80HHD of the Income Tax Act, 1961, 50% of the profits attributable to the foreign exchange earnings of hotel companies were directly exempt from tax and the other 50%, if reinvested in the hotel industry were also exempt from taxation. 60%-80% of hotel companies' earnings are in foreign exchange and they have been availing tax benefits under this section. Hence they have been paying an effective tax rate of between 14% -20% till now.

As this withdrawal is applicable to hotels, 20% of its foreign exchange income in FY01 would be taxed. Going forward each year the taxable income of hotel companies would increase and in five years time the entire foreign exchange earnings would be taxed. This will adversely impact the earnings of hotel companies.

The companies, which would be negatively affected in this sector, are Hotel Leela venture, Asian Hotels, Indian Hotels, EIH Ltd, ITC Hotels, Oriental Hotels and Bharat Hotels. There has been no respite for the hotel sector, which has been going through a tough period over the last few years with a fall in occupancy rates and pressure on average room rates. The withdrawal of tax sops will add to these woes.

(I) Scope For Investment

Given the immense potential and the Eighth Plan thrust, there is need and enough opportunity for investment in the tourism sector in India. Shortage of hotel accommodation in the country is a major bottleneck in promotion and development of tourism. At present India has about 45,000 approved hotel rooms as against the requirement of 59,000 rooms. It is estimated that the country requires about 90,000 hotel rooms by the year 1996 and about 100,000 hotel rooms by the turn of the century.

The recent amendment to the Foreign Exchange Regulation Act has simplified certain activities like the following:

Airlines, travel agents, etc. are not now required to obtain a license from the Reserve Bank of India for carrying on business or booking passages for travel abroad.

Hotels in India may receive payments from foreign nationals in settlement of their bills either in foreign currency or in Indian rupees without insisting on production of encashment certificates.

(II) Foreign Investment

A 51 percent foreign equity ceiling exists for hotels and other tourism enterprises seeking automatic approval from the RBI subject to meeting certain prescribed criteria, including having a capital base proposal below US \$143 million (Rs. 6 billion). The RBI procedure of approval usually takes 2 to 3 weeks. Should an NRI or OCB owned by NRIs be involved in a new hotel, resort, other tourism or real estate project, 100 percent foreign (NRI/OCB) equity can be approved automatically by the RBI.

Foreign equity holding above 51 percent are possible, but are subject to Foreign Investment Promotion Board (FIPB) approval. It is to be noted that the Ministry of Industry provides final clearance of FIPB approvals. The FIPB procedure of approval usually takes four to six weeks, which is a half of the time taken three years ago. Three of the top ten foreign invested hotels in India are 100 percent foreign-owned.

New companies with foreign investment in which the proposed capital base exceeds US \$143 million (Rs. 6 billion) in capital are considered by the FIPB. They are then required to be approved by the Cabinet Committee on Foreign Investment headed by the prime minister. Normally, the industry minister or cabinet committee endorses the recommendation of the FIPB.

Unlike the procedures of many other Asian countries, all foreign investment proposals in India must have central government approval (RBI

or FIPB). State governments have no authority to approve foreign investment projects or companies, even when these are quite small in terms of capital requirements.

A domestic partner can be a single Indian company (including state enterprises under government privatization procedures), or a number of Indian shareholders, or subscribed to by the public. A single local partner is not mandatory.

Free repatriation of profits and capital investment is permitted for foreign invested companies, except for 22 specified consumer goods industries which are subject to dividend balancing against export earnings over a seven-year period.

Hotels and tourism related industry is now eligible for automatic approval up to 51 percent foreign equity. Higher foreign equity participation on specific proposals is also considered on a case-to-case basis. Non-resident Indian investment is allowed up to 100 percent. Dividends on investment are repatriable. The procedures for foreign investment in hotels and tourism related industry have been simplified and bottlenecks removed. Automatic approvals are now available for foreign technology agreements related to hotel industry subject to fulfillment of following parameters.

- (a) Technical and Consultancy Services: Lump sum fee not exceeding US\$ 200,000.
- (b) Franchising & Marketing/Publicity Support. Up to 3% of the gross room sales.
- (c) Management Fees: A Management Fee up to 10% of the foreign exchange earnings provided the foreign party puts in at least 25% of the equity. This will cover payments for marketing and publicity support as well. No permission is now required for hiring of foreign technicians.

(III) Incentives For Investment

To encourage private investment in the hotels and tourism related industry various incentives and concessions are available. The Tourism Finance Corporation of India has specifically been set up to render financial assistance to the private sector for development of tourism related services and facilities. Loans are also available from Industrial Finance Corporation of India and the State Financial Corporations. The Government gives interest subsidy on the loans granted by these financial institutions. The incentives and concessions include:

(a) Tax Exemptions

Of the income attributable to foreign exchange earnings of the hotels, 50% is also exempt if reinvested in tourism industry. Approved hotels functional after 31.3.1990 but before 1.4.1995 are eligible for Tax Holiday deductions. The deductions range between 25-30 percent of the profits and is available for ten years.

An interest subsidy of 5% will be given on loans for all 1 to 3-star hotels in special areas and specific destinations. Ø The Budget for 1993-94 has provided for a 5-year tax holiday for all kinds of investments in the industrially backward States and Union Territories.

(b) Concessional Customs Duty

Customs duty on specified items have been reduced to the level as applicable to project imports, provided the goods imported are required for initial setting up of the hotel or for substantial expansion of the hotel. This includes equipment for kitchen, health club, laundry, housekeeping, energy saving devices, etc.

Equipment for Adventure Sports can also be imported on a concessional rate of duty.

Priority consideration is also given to approved projects in allotment of construction materials like cement, steel and for telephone, telex, LPG connections.

(IV) Taxing-Problems

Hoteliers have long been complaining about the heavy tax levied on the services provided by the hotels, be these telephony or tonsorial, they are required to pay a host of levies often arbitrarily imposed. These levies include luxury tax, property tax, land use tax, and sales tax, which varies from state to state but goes up uniformly. Another long time irritant is the dispute over income tax on foreign exchange earnings.

Tour operators on the other hand who are engaged in in-bound tourism have also been denied benefits of concessions given to exporters. Their demands have not been fulfilled even though their business is totally dependent on foreign exchange earnings but have been slapped with an additional 5% service tax. But because of global competitive environment, these cannot be recovered from the clients as it would increase the cost of package tours and might create a negative impact on the overseas counterpart who sells the package overseas. There already is cribbing in certain sectors of the overseas market that the destinations are being priced higher than other countries in the neighborhood.

Frequent halts at border posts are an irritant to the visitors and cause operators of tourist coach problems of inter-state movement of their vehicles. The coach operators would like an arrangement under which vehicles operating with a tourist permit be allowed to move freely without interruption. Again the state tariffs vary causing difficulty for tourist coaches. In the circumstances, the trade has suggested the following tariffs:

- * Tourist cars of up to 6 seats - Rs.100 a month, Rs.300 a quarter and Rs.1200 a year.

- * Vehicles from 7 to 18 seats - Rs.200 a day, Rs.1000 a month, Rs.3000 a quarter and Rs.12000 a year.

* Vehicles from 19 to 35 seats - Rs.400 a day, Rs.2000 a month, Rs.6000 a quarter and Rs.24000 a year.

It has also been mooted that the union government could fix the charges for all India permits.

Apart from surface transport airlines have also complained of taxing problems on account of air turbine fuel (ATF). Taxation of ATF is costlier for domestic services. ATF costs as much as if not more than what is charged in several other countries. The airport tax has gone up 150%. The travel tax imposed to meet the shortage and price rise of fuel as a direct result of the Gulf war has continued post-war even after seven years. This tax is in addition to the passenger tax collected from those who travel by air on the domestic routes.

Experience shows that where taxation is high the revenue of the sector comes down and where the funds are pumped into the sector revenues go up. In 1994 the Spanish government increased the levy of VAT on 5-star hotels in Madrid from 6% to 15%. The result was that there was a sharp drop in the availability of 5-star hotel rooms. This was because the hotel owners deliberately and voluntarily downgraded their properties from 5-star status to 4-star to avoid the higher VAT. The government had to then reinstate the single hotel rate of 6% in 1996. Countries with higher commitment to tourism have received greater funds: Zimbabwe transfers into its Zimbabwe Tourism Fund 2% of all turnovers from tourism outlets.

2. Procedural constraints

To know about the problems being faced by the entrepreneurs a questionnaire was prepared and according to this questionnaire personal interview was conducted with the top managers of hotels and travel agencies in Jhansi and Khajuraho. The information revealed through these interviews was scrutinized and analyzed. The conclusions drawn on the basis of such analysis were grouped into following categories.

In Bundelkhand region most of the hotels/travel agencies have started by the individual funds. Only a few hotel units/ travel agencies have been started with the help of loans taken from various financial institutions. Generally most of the entrepreneurs start with the small units from their own resources and funds, but later when the business of their units grows and expands, they feel the necessity of increasing the size and class of their units. When a hotelier/travel agency starts to construct annex hotel building/travel agency office or wants to give extra-facilities like installation of furniture, modification of office, kitchen plants, utensils equipments, vehicles or star accommodation, obviously they need capital for this project and naturally goes for external finance. External financial assistance provided by different institutions is inadequate and is subject to lengthy loan applications forms, high rates of interest, inordinate delay, cumbersome procedure, high margin money.

Most of the hotelier when interviewed, they generally complained and was very much disappointed with the procedures and encumber some formalities in fulfilling the conditions for getting loans from the financial institutions. All the financial institutions, e.g. UPFC, Banks etc satisfy themselves fully before granting loans. To satisfy themselves fully about the economic conditions of the applicant, whether he will be able to repay his interest or not in time. The project report is to be submitted along with the application form for granting loan, in which the applicant must give all his information in detail about the cost of project, capacity of the project, production and sales figures in terms of quantity for the past two or more years in case of existing units. They also have to show the details of technical and of the proposed unit along with the attested copies of certificates. The entrepreneur is also required to give financial information. Details of movable and immovable assets of the proprietor/partners/directors must also be mentioned in the project report. Income tax clearance certificate of the previous financial year and wealth tax certified copies must also be enclosed. Balance sheets and profits & loss accounts along with all schedules for the last three years duly audited

by the chartered accountants must also be enclosed with the application for granting loan.

The copy of site plan is also to be enclosed with the project report, giving full details about the site plan, giving full details about the site distance from railway station, city etc. The financial institution authorities conduct the site survey and if they are not satisfied, they may out-rightly reject that loan application on that basis itself. Time schedule is also an important aspect in the project report. An applicant has to mention the approximate time by which the land is proposed to be purchased/acquired /registered. Building is to be completed, machinery is expected to arrive at site, trial and commercial production is to be started.

Apart from all these, the project report must be with the No objection certificate from U.P Pollution control Board and N.O.C from Health Department, The entrepreneur must also enclose information about the labor and staff proposed to be engaged in hotel. The entrepreneur must also enclose information about the labor/staff break up indicating the number of persons to be employed under different categories, pay proposed to be disbursed for each class.

This way the hotelier/travel agency entrepreneurs have to face a lot of difficulties and have to complete all the above mentioned procedures, before they are eligible to obtain loan from the required financial institutions.

Before registration region industry center requires various information from hoteliers. They have to check full-completed forms, but they found much incomplete information and for doing this they have to spend much time and to keep all records safely.

Any hotel/travel agency has to spend a good amount on advertising through newspaper, publicity of tourism, literature and putting hoardings on roads. If the hotel is of better start facilities, then the entrepreneurs

have to advertise not only in India but abroad also. This requires a lot of capital in this field.

Due to the shortage of various raw materials, equipment and various goods for example, vegetables etc. The hotels units have to buy this vegetables even if the price of these commodities are high. This of course put a lot of pressure on the entrepreneurs.

Water is also the main source on which the hotel industry relies. Hotel units require continuous supply of water as there is no time for the tourist arrival, they can come at any time. To require the facility of continuous supply of water, the entrepreneur had to spend a lot of time and money in local water department.

Hotel units before starting the business have to spend a lot of time in obtaining No objection certificate from pollution department.

The hotel/travel agencies should have a perfect co-ordination with the transport agencies/tour operators for example, the tourist at any time needs taxi, cars and other vehicles for their transportation, which these hotel/travel agencies should provide them at no time.

The hotel/travel agencies should have a trained staff within their units so that the units flourish within a short span of time. Hotel units require Managers for different departments, captains, waiters, chiefs, sweepers etc. for their work. To have a perfect management, various training programs are held from time to time. Proper management skill particularly at the local level should be obtained.

The other main problem for the hoteliers is the selection of better items and they often cannot determine the quality and durability of items.

During the study period, many of the hotel/travel agency entrepreneurs were interviewed about the indifferent attitude of the UPFC and other

financial institutions. The information revealed that generally they complained about the problem of discriminatory decision of the corporation officials in granting the loans.

Thus we can say that the main problem which the hotelier/travel agency to face is that of obtaining a loan from the different financial institutions. Entrepreneur have to go through unending procedures and if he is all lucky to complete the various formalities and obtain the necessary sanction, it is found that a long time has elapsed between the time he started trying for a loan and the time he actually got the money.

Before granting loans to entrepreneurs, institutions have to conduct a survey of land site. Lot of time is wasted by survey team in analyzing about the site, market position, environment effects, source of raw material and finance for the project. After collecting all information, they hold meeting and if they are satisfied by the required information, they then grant loan to the applicant. Lending by banks and other financial institutions mostly depends upon the financial standing and past management records of the individual hotel or travel agency and the security provided. The banks before sanctioning loans satisfy themselves that the loans will be adequately serviced. In this way financial institutions are some what biased, in the sense that the healthier and profitable units get the approval and sanction of loan quicker as compared to other units. Other nits whose financial standing and past management records are not up to the mark, have to face a lot of difficulty in securing loans from financial institutions. In this way bank and UPFC provide loans only to qualified entrepreneurs possessing requisite technical ability for working capital.

Repayment of due amount of loan, is a major problem of generally all the financial corporation. Only few units are there which refund the due amount of the loan and interest thereon in due time. Most of the units remain failure in regular repayment of installments due to which the UPFC and banks have to face great problem. UPFC and banks have to move to

the court for legal actions against the defaulters. They adopt very serious and harsh measures in dealing with the defaulters.

Many entrepreneurs pointed out another problem, which they encounter while dealing with employees of the UPFC and other financial institutions. According to few of them, the officials are snobs and ministerial staff is rude and ministerial staff works only for tips and money.

3. Ignorance of Borrowers

Another important problem of the entrepreneur is their ignorance regarding the scheme and functions of travel agency. Setting up a travel agency in India requires a high degree of skill and organizational capacity. The size of travel agency may or may not be large. A large travel agency has several members on the staff while only a few hands manage a smaller unit. Thus it is necessary first to determine the size of the travel agency.

When these entrepreneurs approach different financial corporations for obtaining any sort of loan, they are either misguided by the persons i.e. they are ignorant regarding the functions of the corporation. It is to be noted that in majority of the cases, the entrepreneurs could not know about the corporation to reach the potential borrowers. It appears that general public at large is ignorant about the corporation and its functions. There should be remedial measures for better attraction of the young and energetic entrepreneurs towards the corporation. It would help in developing better industrial environment not only in the area but in the state as well. Many potential entrepreneurs are lost this way.

4. Other problems/difficulties in securing license to run Hotel Business/Travel agency

There are numerous problems, which the hoteliers and travel agencies have to face in their business. But amongst the main problems is in securing license to run their business. The entrepreneur has to approach

to the industries department of the state and local bodies, etc. They have to obtain the permission of various agencies, which are involved directly with this business.

Hoteliers/Travel agencies have to spend a lot of time in taking permission from different agencies. Entrepreneurs face a lot of difficulties and some times there are delay in obtaining license from region industries center. Before obtaining license from the region industry center, hoteliers/travel agencies have to submit project reports of their concerned proposed units, as feasibility reports which determine the basis for judging the technical, commercial, financial viability of a project. Feasibility report is a must as the main objective of this report is to develop an attractive and functional unit that would provide operational efficiency and customer satisfaction.

For the success of hotels/travel agencies, entrepreneurs are required to prepare project report. The preparation of such a report, therefore, is the first step towards the success of a project. A team of experienced, professionally competent, technically qualified experts can only prepare such a report. Photostat copy of the project report is submitted to local bodies as tourist department, city board, forest department and other local offices. Entrepreneur before obtaining license from the region industries center have to take No Objection Certificate from the local bodies and after completing all procedures they have to submit all reports to the region industries center.

Agencies make a survey team for analyzing the project report of hoteliers/travel agencies. Completing all legal procedures and terms as required by agencies and attaching hotel/travel agency project reports to different local agencies, hoteliers/travel agencies obtain license. Hoteliers/Travel agencies should have a perfect co-ordination with other technical agencies.

Main and basic problems faced by hoteliers are – too much construction cost, limited sources of finance, expenditure amount in large scale in

hotels/travel agencies project, problem of raising additional capital, managerial problems, problems due to excess fixed charges, problems due to external factors as poor location, liaison problem, excessive taxes, shortage of fuel, recession, internal problems, transport, labor, human resources problems, economic problems, seasonality, staff problems, problems to arrange various organization, problem of providing modern recreational facilities, problems of fluctuation in demand, problem in obtaining good materials and items and marketing problems, training courses problems.

The creation of a well informed and motivated work force at different levels, meeting short-term, medium term and long term needs of the industry as well as providing jobs to a large number of people for different categories of employment is crux of the problem. Therefore, the service factor of the human resource development acquires considerable importance and necessitates particular attention. Indifference, inhospitality, incivility are an asthma to good guest-host relationship. Considerable difficulties are faced in undertaking an evaluation of the total needs and estimating requirements of personnel at different levels as also for different jobs. The recruitment, training and retention of manpower at all levels are already a problem and are likely to become more pressing in the future. However, there is still shortage of training schools. Hotels/travel agencies have to pay rates very unfavorably for taxation purposes. They have to pay income tax, sales tax, municipal rates, electricity and water charges to the required government agencies. So the industry is unable to keep pace with inevitable changes in the market trends.

(a) The impact of emerging security concerns. The associated reduction in air services from key tourist markets would impact on arrivals in the near-term. National security efforts throughout the region have already been stepped up. Obviously, those countries with a stronger fiscal position will be better able to expand and sustain high levels of security-related expenditures. Those countries that succeed in demonstrating their

ability and commitment to ensuring the security of tourists may even reap additional benefits of diversions of tourist flows. Some countries (Thailand, for example) already have specially trained police contingents that deal specifically with the security of tourists. Stakeholders in each country tourism sector will need to press their national authorities to develop specific policies for tourists security. The cross-border nature of terrorist threats would suggest that this is one area where greater regional coordination between national agencies would also be critical;

(b) The slowdown in world economic growth. The deceleration of growth had begun even before September 11 due to the weakness in the IT sectors in North America and Europe, and the situation has worsened in recent months in view of the prospect of war in the Middle East. The U.S. economy is estimated to have grown by a relatively robust annualized rate of 3.1 percent in the third quarter of 2002. However, the outlook for consumer spending (the main factor propping up aggregate demand in the United States over the past year) looks bleak, as reflected in the fact that the Conference Board index of consumer confidence fell to a nine-year low in October 2002 (the fifth consecutive month of decline). The United States and the Euro area are currently projected to register marginally faster growth - of about 2.5 percent and 2 percent, respectively, in 2003 ¹⁷ but these projections do not reflect the very uncertain global impact of war with Iraq. Moreover, the Japanese economy, which actually contracted by 0.7 percent in the twelve months to June 2002, is projected to register only modest growth (of about 1 percent) in 2003, following a decade of slow growth and dramatically rising public debt levels. The continued inability to rekindle the investor confidence needed to sustain growth in Japan suggests that regional destinations that have depended heavily on what is still the world second largest economy must reassess their medium-term strategy and seek to diversify their sources of tourist demand towards non-traditional markets and to diversify the range of tourism activity available.¹⁷

(c) **Higher oil prices and travel costs.**

Recent oil increases may lead to higher airfares and cost-push inflation in oil-importing countries throughout the region. The impact of the rise in oil prices may be partially offset by productivity improvements in airline and other transportation industries and cost-cutting measures. Countries that remain dependent on inefficient flag-carriers for a significant part of their tourist traffic will either face the prospect of mounting losses that will need to be covered from the budget or through mounting debts to the financial sector. Where the domestic airline sector is constrained by regulatory and other barriers to entry (through the blocking-off of airport gate space, for example) governments may consider policies to strengthen competitive pressures (thereby putting downward pressure on prices) by encouraging new private sector entrants to the industry. Another factor influencing tourism since September 11 has been the additional costs of security incurred in airline travel, a large part of which has been passed on to consumers in the form of surcharges. There is a tendency to focus primarily on air transport, whereas for some regions the development of road, rail and inland water linkages may hold considerable promise for reducing travel costs, particularly for regional visitors.

There are also a number of longer-term, **structural constraints** to the development of tourism that are common to some of the countries of Asia. There are notable exceptions within the region of course, and the countries, which have lagged behind, would do well to emulate the purposeful and well-coordinated policies of countries such as China, Thailand, Malaysia, and the Maldives in promoting tourism. The success of these countries has been marked by the coordinated assistance provided by their governments to provide: necessary infrastructure; fiscal incentives; a stable, liberal policy framework for inward private investment; a strong regulatory framework, and adequate resources for well-planned marketing and promotion activities. It should be noted that structural weaknesses are by their very nature rarely susceptible to quick fixes and would require

sustained and carefully sequenced adjustment and reform policies.

Structural constraints to tourism growth include:

- **inadequate infrastructure.** Shortcomings in transport, energy and communications infrastructure can discourage private investors and developers, as costs of construction and operations are raised and they may need to internalize some of these costs (e.g. the additional costs associated with back-up electricity generators);
- **weak law enforcement and associated security risks.** These problems not only have the effect of raising costs for businesses (security services, insurance), due to the sometimes exaggerated perceptions of risk they pose a major obstacle to successful marketing and promotion;
- **weaknesses in marketing and distribution channels.** This is not the critical factor where other structural weaknesses exist, but can be important in introducing some new destinations on which information available to the travel industry remains limited.
- **poorly-developed domestic private sector.** This can be a problem for economies in transition as there are few private sector companies that can lead the way in terms of undertaking long-term investments in tourism or participating in joint ventures;
- **low levels of education and training and correspondingly low levels of productivity.** This is a critical factor in parts of South Asia and the South Pacific, and reflects inadequate levels of public investment in human resources.
- **shortages of trained staff and management personnel.** This may not pose an insurmountable problem, given the possibility of hiring managers and trained staff from other countries, but given the costs of hiring internationally would rule out the possibility of developing all but the upper range of the tourism market.

5. Problem of Management

One of the major problems that the hoteliers/travel agencies have to face is the problem of management. The function of management lies in collection of relevant material and utilizing them to take quick decisions for the attainment of desired goals. Management is a skill, which like any other skill, can be acquired. A well-organised industry owes its success mainly to its good management. A successful hotelier/travel agency entrepreneur is one who has anticipated his problems and prepared himself to face them squarely and in good time. He should have foresight so that he may prepare his organization to face the coming events. He gauges the strength and weakness of his organization and appraises the new situation; to meet it he works out a strategy. This strategy makes demands on his organizations' strength in terms of the resources that are at its command, whether in men, materials or money. He takes stocks of those resources, which are readily available, and identifies those that are not so readily available. He gathers all the resources and puts them into productive activity. He has to take calculated decisions upon which depends the result of his endeavors.

The proper handling of management in the field of management such as finance, inventory, budgeting, marketing, accounting, manpower, location and site area for industry is the key to success of any industry whether that is hotel or travel agency. Many units fall sick because of an improper handling off these areas of management

Hotel/ travel agency/hotel items. For example, in hotel if the sale of bar, restaurants or any other department is going down, then the clever manager study the facts intelligently and endeavors to bring the sale up by giving other facilities, where the department is lacking. So in this way every owner and manager seeks and strives for success of his unit. Marketing & publicity is another field where the success of the hotel/travel agency depends. Publicity department is a major field where the managers have to formulate his ideas, giving wide publicity through advertising in newspaper, hoardings, radio, television, cable network,

magazines, etc. This in fact is a very costly matter, which requires a lot of budget for this department.

There are a lot of problems where owners have to face problems in management.

(a) **Problem of Management skills**

For any industry to flourish, management skill is a must. Entrepreneur should handle this management skill as a specialized and highly technical subject. Top managers of hotel/travel agencies man the management skill. So it is very important that the managers of this firm should be highly qualified and trained in this field. Policy of control expenditure on various items should be fixed. So the profitability of the unit depends on competence and abilities of the managers.

(b) **Problem of changing pattern in Hotel/Travel Agency**

The Hotel/Travel Agency business seems to be speculative because of the uncertainty of the tourists regarding fashion, political and ideological climate etc. Lack of certain facilities in the Hotel/ravel agency business can change the mood of the tourists. The interior furniture, finishing, decoration and telecommunication etc. have a value only so long as their style confirms to the market requirement. So the entrepreneurs have to keep on updating these facilities for customer's satisfaction. Tourists generally require latest facilities, thus the hotelier/travel agency sometimes can't provide these required facilities in time. To provide all these facilities in time they require large amount of capital to invest in various fields, so they take capital from different institutions. To invest now much capital in various parts of hotel/travel agency. To solve all these problems he has to contact to managers of various departments of industry. They take the demands from their managers and based on this demand roughly prepares the estimated cost for the project. So in this way the entrepreneur have to face a lot of problems in analyzing the demand and taking loans from various institutions. It is evident that the travel

agency/hotel requires a large capital and the ratio of return capital too, is very low compared to other investments.

(c) **To maintain various standard facilities**

Each hotel/travel agency is facing competition among each other. They try to provide modern facilities, so for maintaining they have to invest amount to purchase new items and equipment. The requirement to modernize constantly and to maintain standard facilities offered is largely profitability. In planning new investment, a major factor must be the risk of obsolescence involved in the type of hotel/travel agency built and the standard of facilities offered. The industry is of the view that against the back ground of rising standards of public taste new hotels/travel agency require change in their structures.

(d) **Problem of forecasting**

Hoteliers/Travel agency can't forecast clear picture of hotel/travel agency project budget. The demand for extra budget arises at every step. Hoteliers/travel agency has to invest capital according to the demand and budget in hands.

(e) **Problem of food and beverage**

It is one of the major problems of hoteliers. Tourists that come to hotels belong to the different regions and countries. Naturally they have different food/eating habits. Most of the hotels lose money on food and beverage. The potential loss of income constitutes a high risk, low profit margin and constant aggravation for most hotel operators. Quality of food on reasonable rates is a major factor, which attracts a lot of tourists. Thus the quality control on food items is a must. Thus adequate management consultants helps in various spheres e.g high cost of operations, drop in revenues, marketing and market potential, staff problems, excessive complaints, avenues of economy. Modernization, expansion, financial stringency and raising of funds and so on. A good consultant with specialized knowledge of the industry and its problems would be in a better position to diagnose and make suggestions wherever required.

(f) Problems to cope up with the latest communication systems

Most of the travel agency/hotels are now linked with the centralized computer reservation system through out the world. This is by far the most significant development in automation of travel industry. The development in computing and telecommunication technology have radically changed the way in which multi-national organizations like air-lines and hotel chains do their exploitation and analysis of the product and consumer data have changed the marketing techniques and investment priorities of air lines. Centralize computerized reservation system is the need of every hotel chain now a days which, of course requires a lot of budget and trained staff.

Internet is the largest and the fastest growing information network in the world. The business of hotel/travel agency has been totally changed with the new dimension in information technology with the help of internet.

The Internet will help hoteliers/travel agency business to flourish at a great speed.

But to add all these facilities, hoteliers/travel agency have their financial constraints, only those entrepreneur will survive who will add value to their services.

(g) Problem of long start-up period

To start hotel/travel agency business, one to four years are taken. The investor must budget an adequate cash reserve to carry his property until its occupancy ad rate achieves a level of profitability.

6 Problem of Industrial Relations

The meaning of Industrial relations, may be defined as labor management relations, union management relations, personnel relations, human relations, employee-employer relations etc are used synonymously. Each such term as a definite connotation.

Industrial relation constitutes one of the most complex and delicate problems of hoteliers/travel agencies. Industrial relation is an art of living together of the employees for the purpose of production, productive efficiency, human well being and industrial progress. Any Industry's success depends upon the good human relations, organised labor movement, collective bargaining, fair dealing by the management with the workers, joint consultation at all levels. These are the points, which helps in the establishment of a healthy atmosphere for any industry to flourish.

The problem of industrial relation can only be solved if there is a perfect co-ordination between the hoteliers and agencies related to hotel management, for example, good relationship between hoteliers, managers and with staff should help in dealing better management, This is also true for the travel agencies. Travel agencies must have a perfect co-ordination with the tourist offices, hoteliers, travel agent associations, visitor's information centers, and transport authorities.

Systematic historical study of hotel development within an area should illustrate the influence of population flows and transport & communication system on location pattern helps the entrepreneur in success of his nit. The site and location of the unit should be examined in detail in relation to accessibility and visibility to the potential market. It is very important to draw a profile of the tourist's statistics, which are available through secondary source.

For the success of travel agency owner should conduct a systematic study of the historic, scenic attractions, climate and other demand generating sources such as transport & communication system, railway stations & airport facilities. The owner should draw a profile of the tourist statistics available from the secondary & analyze these statistics to make decisions about the capital and size and location of the unit. The location should be examined in relation to potential market.

The number of employees in the hotel/travel agency will give preliminary idea to the extent of existing facilities. This will give the estimate of the

degree of skill of any potential labor force will naturally lead to an examination of any available training facilities of hotel and catering staff.

Travel agency success depends upon various factors. Travel agency must seriously plan facilities around functional designs. He should have complete knowledge about the nature of each job that is performed in various department of the travel agency. If the travel agency handles problem of staff in better way and handles staff in a proper way and solve their problems in knowing each other's problem. This will definitely helps a lot in the growth of the travel agency.

Professional staff in their respective field poses the major problem for the hotel/travel agency. There is dearth of trained personnel in various field of travel agency. For example in hotel industry, there is a dearth of trained staff in the field of chiefs, waiters, barmen, housekeepers, bakers, receptionists etc. For untrained staff, training centers should be established. In travel agency there is a dearth of trained staff such as managers, guides, trek guiders, clerical heads etc.

The management should fix room rates and rates of food and drinks on reasonable price. This would help the consumer to pay the price of that item. Using this sort of rate fix policy in hotels, bargaining system between tourists and management should be minimized.

Generally the hotel/travel agency has a large number of small independently owned units. There should be reasonable rates and other facilities for these smaller units. In these ways, the name of the larger units grows and this will definitely help in flourishing the business of larger units.

CHAPTER X

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CHAPTER-X

1. FUTURE PROSPECTS OF TOURISM INDUSTRY IN BUNDELKHAND REGION

(a) Uttar Pradesh Tourism Policy

OBJECTIVES

The prime objectives of the policy are:

- To promote tourism with the tourist and pilgrim as the focus.
- To provide special facilities to the 'religious', 'adventure' and monument based' traveler.
- To improve the efficiency of the industry, for enhanced social & economic benefit, and consequential increased economic benefits, including increased employment generation.
- To ensure the participation of all the stake holders in society, including the travel trade and tourism industry.
- To provide quality services to all domestic & international consumers and stake holders.
- To prepare and implement Master Plans for integrated development and marketing of identified circuits.
- To improve, diversify and expand the marketing of the tourism products of our state.

(b) TARGETS FOR NEXT DECADE

1. Currently, of the 2107 hotels available in the state only 80 are in approved category with a total capacity of about 5000 beds. We seek to raise the number of accredited hotels to 300 and bed capacity to over 15,5000 in the next ten years.
2. To raise the level of foreign visitors from approximately 7.2 lakh to 30 lakh and domestic tourists from 360 lakh to 1000 lakh.

3. To enhance the level of investment from the present Rs. 350 crore per annum so that a total investment of Rs.15,000 crores at current prices is made in the next decade.
4. To enhance the income generation from Rs.900/- to Rs.1000/- per domestic tourist and from Rs.34,000/- to Rs.45,000/- per foreign tourist (both at current prices) within a decade by attracting more upmarket tourists through value addition to the tourism product and improved facilities.
5. To provide direct employment to 5 lakh citizens and indirect employment to another 50 lakh citizens within next ten years through tourism development.

(c) STRATEGY

1. To develop the necessary infrastructure facilities through private-public partnership. Special importance would be given to facilitate investment by NRI.
2. Priority by the government to the development of basic infrastructure facilities viz. roads, aviation services, rail, surface and water transport, assured electric supply, telecom facilities, drinking water, sewage facilities and accommodation.
3. Reorganization of circuits for integrated development, publicity promotion and marketing. A master plan will be prepared for each circuit, utilizing services of expert consultants in the planning and execution.
4. To create corpus funds for the development of basis amenities, conservation and maintenance. 'Dovetailing' of funds from different public and private sources would be undertaken to raise such funding.
5. Up gradation, modernization and profitable management of the UPSTDC. and privatization of units wherever necessary.
6. To develop and publicize new tourism products and attractions like Yoga, Spiritual knowledge, Ayurveda, naturopathy, adventure sports, eco-tourism, water cruises, film locales, diverse cuisines, traditional attire, and crafts, village life etc.
7. Promotion of eco-tourism in the hills, forests and areas with water bodies to preserve the environment.

8. Restoration of ancient places, havelies, buildings, forts, and introduction of a Heritage Hotel Subsidy scheme.
9. Formulation of standards for tourism units and introduction of an incentive scheme to facilitate their adoption by the private sector.
10. Extensive projection of the available facilities, tourist sports and attractions of the state domestically and internationally through advertisements, films, C.D's, cassettes, website etc. Effective marketing through participation in domestic and international travel trade conferences, fairs and world marts, and organisation of Uttar Pradesh shows in identified cities of important countries.
11. Effecting an awareness campaign in civil society to create a favorable atmosphere and affinity towards tourism.
12. Effective coordination between various departments for developing tourism industry by-
 - i. Establishing Paryatan Mitra (Friend of Tourism) for assisting entrepreneurs.
 - ii. Formation of Advisory Committees at Region, Division and State level.
 - iii. Formation of Tourism Promotion Councils at the region level.
 - iv. Well planned efforts to coordinate with the related Ministries of the Government of India.
13. To create sufficient facilities for tourism related human resources development upgrading and improving the management of the Tourism Management Institute and Food Craft Institute, besides establishing new ones, if necessary.
14. Strengthening and expansion of the departmental tourism organization through a modern work culture and qualitative improvement in employees, better organisation of festivals, incentives to the tourism industry, and establishment of special cell for efficient collection of data and research work

(d) ACTION PLAN

Identification & Development of circuits for speedy Tourism

Development:

The following circuits are identified for development. The activities related to promotion of tourism will receive priority attention in these circuits:

Table 10.1

1. Buddhist circuit
2. Bundelkhand circuit
3. Braj(Agra-Mathura) circuit
4. Avadh circuit
5. Vindhya circuit
6. Kumaon circuit
7. Jhansi circuit
8. CharDham circuit
9. Forest, Eco tourism and Adventure sport circuit
10. Water-cruise circuit

The details of these circuits would be announced within a month, and the master plan for each of these circuits would be drawn within a year. A Circuit Development Committee would be set up in each of these circuits for guidance and monitoring of the implementation of these plans, which would have adequate participation of the travel trade.

(e) Tourism related activities and units

The following activities will be regarded as related to the development of tourism and the units involved in these activities would be recognized as tourism units.

1. Creation of tourism related infrastructure, like approach road, drinking water and electricity facilities, landscaping etc.
2. Hotel and Restaurants.
3. Wayside amenities with restaurants and parking space on National and State highways.
4. Tourist resort/tourist village.
5. Amusement parks and children parks etc.

6. Establishment of walks like nature walks, city walks, heritage walks etc.
7. Manufacture and promotion of items related to the traditional crafts and other arts.
8. Works pertaining to preservation of cultural and historical heritage monuments.
9. Establishment of management of museums.
10. Establishment of Tourist Information Center.
11. Tourism related human resource development activities.
12. Tourism activities pertaining to environmental conservation/ Jungle safaris.
13. Paying guest scheme (Home stay facilities).
14. Facilities for adventure sports such as trekking, mountaineering rock-climbing, water sports, rafting and canoeing, skating, skiing, angling, aero-sports etc.including training in these activities.
15. Arranging package tours/conducted tours.
16. Establishment and operation of ropeways.
17. Yoga, Ayurveda and Naturopathy centers.
18. Construction and operation of traditional Bajra/house boats etc.
19. Establishment of boats clubs and operation of different types of boats.

(f) Development of Infrastructure Facilities

Uttar Pradesh is India's most important tourism destination. Foreign tourists mainly visit Agra and Varanasi while domestic tourist also visits the hill areas & various places like Haridwar, Allahabad, Mathura, and Lucknow etc. Uttar Pradesh has the maximum potential for the tourism development, hence it is critical that sufficient infrastructural facilities are created. Therefore infrastructure development will be given priority. The state industrial policy has outlined the strategy for development of basis infrastructure in the state. Tourism related infrastructure facilities at major destinations will be expanded and strengthened for the speed development of the tourism industry. There will be a major thrust on the following activities.

- Regular electricity supply
- Modern telecom facilities
- Rail, Air & Water transport
- A convenient road network as per the state road policy
- Creation of accommodation facilities
- Water and sewage facilities

Central assistance and matching grants will be availed off for strengthening facilities in tourism centers under the scheme announced by the Government of India. Besides, external assistance will be sought for second phase of the Buddhist circuit projects. Additionally, an approval would be obtained from the 11th Finance Commission and Asian Development Bank for the development of hill areas and Agra.

Besides, the assets of other departments viz. Irrigation, Public works, Forests, Revenue which have a tourist potential will be identified and developed by the Department of Tourism. If possible, such assets would be given on contract/lease to the private sector.

Similarly, an attempt will be made to change use of Government-assets from offices/Guest houses to tourism related usage.

(i) Railway Transport

While the main destinations of U.P. are linked by rail, an attempt will be made to ensure that more trains on the Delhi-Varanasi route stop at Tundla and Communication between Varanasi and Agra is improved. Besides, the Government of India has already started a special train on the Buddhist circuit. A luxury train Besides, the Government of India has already started a special train on the Buddhist circuit. A luxury train in the private sector has been sanctioned for the Agra-Lucknow-Varanasi sector. Further, there is a proposal to start a Luxury train on the Mathura-Agra-

Corbett-Lucknow sector. The over bridges will be built at all the railway level crossings in the state on national highways and roads leading to important tourist destinations.

(ii) Aviation Services

The state will liaise with the Central government to ensure that Lucknow, Agra, Varanasi have airports of international standards with night landing facilities and international services are started there including charter flights from various destinations. Besides, whenever land is required for the expansion of airports, the state government will ensure its availability. Further, till as such time a new airports is not built at Agra, an attempt will be made to ensure that night landing facilities are available at the existing airport. Simultaneously, air taxi and helicopter services will be promoted in the private sector, specially in the hill areas. It is notable that the state has around 25 air strips, the details of which are annexed.

(iii) Water transport

Special emphasis will be given on water cruises in the river Ganga specially in the Allahabad-Varanasi stretch. Necessary coordination will be maintained with the Inland Waterways Authority of India for this purpose.

(iv) Way side Amenities

The implementation of new State Road Development Policy announced recently, would make high quality roads available for tourist. Wayside amenities would also be created with private investment through state capital subsidy. Petrol pump licenses would be given priority from this view point. With the objectives of improving local transport steps will be taken for Regular Metered taxi and Auto Rickshaw services. The State tourism corporations will start local Conducted Tours in collaboration with the private sector. All circuits will have sufficient signage put at places to help tourists.

(v) Availability of Land

- (A) Land Bank - The Department of Tourism has introduced a land bank scheme with the objective of attracting investment in tourism sector, under

which land would be made available at important places by the Tourism Department at appropriate rates to tourism units.

- (B) Land will be earmarked with the assistance of the Travel Trade/Tourism entrepreneurs by the Collectors in identified circuits where tourism units can be established and tourism industrial areas are to be established on the pattern of industrial estates. Such land will be allotted in consultation with the Tourism Department.
 - (C) Wherever an entrepreneur himself selects a site, the Tourism Department will take appropriate action to ensure that the land is made available as per rules through the concerned Region Magistrates.
 - (D) If a request is made by an entrepreneur for the beautification or development of a green belt in the land belonging to the Government or Development Authorities, such land would be made available for management to the concerned entrepreneur for beautification free of cost on condition that ownership will remain with the Government and land shall be reverted to the Government if so required. Only landscaping, tree plantation and activities connected with these shall be permitted on such land.
- (g) **Role of Local Authorities and Development Authorities**
- (A) Permission will be granted in residential areas to entrepreneurs for setting up hotels and resorts of upto Three Star Category and other recognized tourism units.
 - (B) Local Bodies and all Development Authorities would identify land for tourism related activities in their Master Plans in consultation with the advice of the Tourism Department.

Eligibility of Transfer of Land

In pursuance of Order No.180/--one-1(43)/94, dated 30.5.94 issued by Revenue Section-1 under the Section 154(2) of the U.P.Zamindari abolition and Land Reforms Act-1950, in exercise of the power invested in Government, the power for permitting the purchase of land in excess to 12.5 acres of land for industrial purposes have been delegated to the Divisional Commissioner. As tourism has been given the status of industry,

therefore such delegation would be made applicable for uses related to the tourism industry.

Heritage City/Heritage Zone

Heritage Zones and Heritage Cities would be identified by a committee for the preservation, maintenance, beautification and for providing basic amenities for the historical and cultural heritage of the state. Only regulated construction would be permitted preserving old architecture, within the notified areas of these areas. The Committee will create guidelines and ensure their implementation by the department of Urban Development. The constitution of Committee will be as follows:-

1. Principal Secretary/Secretary Tourism - Member
2. Principal Secretary/Secretary, Urban Dev. - Member
3. Principal Secretary/Secretary, Housing - Member
4. Principal Secretary/Secretary, Culture - Member
5. Director, Department of Archaeology, U.P. - Member
6. Director General, A.S.I., Govt. of India - Member
7. Director General/Director, Tourism, U.P. - Convener
8. Director of Tourism, Hill Area (For issues related to hills) -
Convenor

Area Development Fund

The Government will establish special fund for the Development of basic amenities and maintenance at major tourism centers and provision will be made for collecting maximum funds from private sources also. Representatives of the private sector. Travel Trade would also be included in the Committee which will be set up for operating these funds.

Infrastructural Facilities at Pilgrim Centers

The Tourism Department will operate a scheme for Yatri Niwas/ Dharmshalas on vacant land in religious places. Infrastructure facilities viz. approach road, electricity, water supply, toilets and sanitation facilities will be strengthened and expanded at the pilgrim centres of the state.

Co-ordination with Tourism Finance Corporation of India

The Tourism Finance Corporation of India provides loans for projects related to tourist industry. Co-ordination will be established with them, and they will be requested to open an office in U.P.

Joint Venture Projects

The U.P.State Tourism Development Corporation, Kumaon Mandal Vikas Nigam and Jhansi Mandal Vikas Nigam will establish joint venture or lease hold tourism projects in collaboration with the private sector.

Energy/Electricity

Recognised tourism units which have constructed 33/11 K.V.independent feeders linked to primary electrical sub-stations at their own cost will be exempted from electricity cuts for five years except in emergencies.

(h) Facility for Non-Resident Indians

Non-Resident Indians will be encouraged to invest in the tourism sector. Such investment would primarily be invited in infrastructural activities. Highest priority would be accorded to proposals received from NRI's and all facilities would be made available to them. Such proposals would be accorded all sanctions on priority through "Parayatan Mitra". All informations will be made available to them on Interest. Preliminary information will be made available to them through U.P.Investment Centre of the Department of Industries in New Delhi. Efforts would also be made to ensure that NRI's visit the religious historical and others tourism sites in maximum number.

(i) Incentives to the Private sector for development of Infrastructure Facilities

Industry Status to Tourism

Tourism has been given the status of industry in the state. Accordingly, government orders will be issued making tourism eligible for all the benefits available to the industry. Only such units which comply with the prescribed norms of recognition and whose projects have been approved would be eligible for these benefits.

Luxury Tax

Luxury tax will only be levied on such hotels which charge a rental of Rs.1000/-or above and the norms and procedures for assessment of luxury tax will be rationalised.

(ii) Subsidy Schemes

(A) Heritage Hotel subsidy scheme

A 15% capital investment Subsidy Scheme subject to a ceiling of Rs.7.50 lakh will be introduced for non recurring expenditure incurred on establishment of such heritage hotels which are established in conformity with the standards formulated by the state government and avail of institutional finance for reconstruction, expansion and furnishing. Special efforts will be made to attract Non-Resident Indians, in this direction.

(B) Capital investment subsidy scheme

A subsidy @ of 10% subject to a ceiling of Rs.5.00 lakh will be given on investments in the circuits mentioned in para 4.1. and for activities detailed in para 4.2 on the projects approved by financial institutions. These benefits would only be given to such tourism units which are in conformity with the prescribed guidelines and where projects have been approved. Special efforts will be made to attract Non-Resident Indians, in this Direction.

(iii) Tax Holiday

1. All recognized tourism units of the state shall be entitled for the facility of exemption/deferment from luxury tax for a period of five years from the data of commencement of operation.
2. New Ropeways established in the State shall be eligible for the facilities of exemption/deferment from luxury tax for a period of five years from the date of commencement of operations.
3. New Tourism units which are recognized will be eligible for trade tax exemption on the pattern of industrial units and the restaurant located in them will be eligible for total exemption/deferment of trade tax for a period of five years from the date of commencement.
4. Programmes shown on television channels in hotels either through dish antenna or cable operator shall be eligible for a compounding scheme to assess the levy of entertainment tax on the concerned hotel/tourism unit.

5. Units recognized under the Paying Guest Scheme with a capacity of upto 5 room (maximum of 10 beds) shall be exempted from Trade and Entertainment tax.
6. The state government has exempted existing and new amusement parks from Entertainment tax vide G.O.No.741/11 ka.s.v-6--98-30-E-B-4(12)/90 dated 22.5.98 of the Department of Institutional Finance, Section-6

(iv) Grant Of Loans

The U.P.Finance Corporation and PICUP will extend loans to tourism related activities as per normal terms and conditions on the pattern of other industries.

(v) Tourism Self Employment Scheme

A Tourism Self-Employment Scheme has been prepared for the hill areas of the state with a financial assistance subject to a ceiling of Rs.10.00 lakh for starting tourism units such as Fast Food Centers, souvenir sale outlets, buses, operation of taxies, purchase of equipment for adventure sports, 10 rooms small motel and lodging facilities, information centers/restaurant with PCO facilities. Tent houses facilities and projects for establishment of garage's.

(vi) Bar License

The facilities for Beer Bar license is available for ITDC and UPSTDC units, but private sector units are not eligible. Such facilities for beer bar license would also be made available as per rules to recognized hotel units in the private sector which have restaurant facility. The department of Excise would

accordingly make appropriate amendments in their policies and frame the rules within two months from the issue of this policy.

(vii) Simplification of Approvals

The number of approval required from the different departments for establishment of tourism units is very large, which puts the entrepreneurs to great inconvenience. A study will be undertaken to give recommendations to reduce their number so that the entrepreneurs can establish tourism units with ease.

(viii) Role of Corporations

The UPSTDC is currently making operational profits and its cumulative losses will be wiped out in the next year. In future the Corporation will only operate profit making units and those with the propensity to make loss will be privatized. The powers for giving tourism units on five year contracts to private

entrepreneurs in terms of the privatization policy issued vide G.O.No:1049/41-98-249/90 dated 27.7.1998 will be delegated to the Corporation. Important units located in the circuits enumerated in para-4(1) will be upgraded and expanded speedily and be made suitable for foreign tourist by according them star categorization. Provision will be made for this purpose by making arrangements for grant of share capital, Central assistance and by obtaining loans. The Corporation will frame and operate new profitable packages in collaboration with the other hoteliers in different units so that they can provide better services. It will also enter into agreement with reputed foreign and domestic agents to market its units more attractively to tourists.

(ix) Steps for Organizational Strengthening

The Government of Uttar Pradesh will also undertake/execute the following work under the tourism development and industrial policy.

(x) Setting up of Tourist Police

The Tourist police will be created under the Home Department for prevention of harassment of tourists and for tourist assistance, guidance and safety. Five Chetak Gypsies each will be stationed in Agra and Varanasi in the first phase for this purpose. Such Gypsies will have distinct color to be decided in consultation with the Tourism Dept. The policemen deployed on such duty will be those who have been specially selected and trained for working at tourist places. The Tourism Dept. will make necessary arrangements for such training.

(xi) Renovation of Ancient Buildings

Government, Semi Government and non government organization will be recognized for repair, maintenance and execution of renovation works related to ancient buildings and the Department's of Tourism and Archaeology and Region Collectors will be permitted to take up renovation works of such building on fixed terms and conditions.

(xii) Powers of Tourism Department.

Government will provide legal powers to the officers of the Tourism Department to regulate various activities to protect important monuments in tourist places, planned development of such places and to prevent encroachment and keep unwanted elements and touts under check.

(xiii) Development of Adventure tourism:

- (a) Draft Rules have been finalized to regulate adventure tourism activities, and they will be notified shortly.
- (b) Department of Tourism will facilitate permission of bungee jumping from the bridges and allotment of beaches for river rafting for a period of 5 years at a time, through Inter Departmental Committees.

(xiv) Eco-Tourism:

- (a) In ecologically sensitive areas eco-friendly tourism activities will be initiated.
- (b) Development of Jungle Safari services.
- (c) Trekking facilities on forest pathways.
- (d) To facilitate permission for catch & release of Mahasheer fishes outside National Park areas and hilly rivers/water springs as a recreation activity.

(xv) Cultural Tourism:

In order to promote cultural tourism, Department of tourism is organising many festivals with the help of Department of Culture. Besides, there are several traditional fairs and festivals organised in the State. In order to facilitate Tourists, Travel Trade/Tour Operators and also to help tourist's to make their programmes in advance, the calendar of fairs and festivals for the next 10 years will be published and circulated in advance.

(xvi) Single Table under Single Roof System:

To facilitate issue of licenses etc. for tourism industry Single Table under Single Roof system will be introduced at the Region and State level.

(xvii) Craft Villages and Craft Markets:

Crafts villages and Crafts Markets will be established as per need in tourist places. Priority will be given to the establishment of craft villages at Agra, Sarnath and Lucknow in this series.

(xviii) Advertising and Publicity:

To publicise U.P.Tourism domestically and abroad an internet web site was put into service on 27th December, 1998. Wide publicity will be ensured for U.P.Tourism by making presentations in important cities for the Country, participating in seminars and travel trade markets in India and abroad by advertising and by publishing tourism literature and appropriate circulation of the same. Tourist Information Centers will be established at all Airports of the State, so also at the Railway Stations and Bus Stands of all major tourist centers. "Uttar Pradesh Show" will be organised every year in a selected country. For this purpose 5 countries will be prioritized to organize this show by rotation. For all these activities up to 15% of the plan allocation of the tourism sector will be allowed to be utilized.

(xix) Promotion of tourism through films:

Wide attempts will be made to attract tourist by disseminating information related to beautiful places of Uttar Pradesh to the producers and providing them to make and display feature films and video films based on such locales.

(xx) Tourism Organization:

A "Research Cell" and a "Festival Cell" will be constituted in the Directorate of Tourism. The Research Cell will gather tourist related information and statistics to prepare a data bank and to give advise to the Department from time to time. The Festival Cell will prepare publicity materials on each festival and promote them by disseminating information in advance in India and abroad and will also coordinate conduct of the festival in a better manner. Regional Tourist Offices will be established in each Division and local Tourist Offices will be established at major tourist centers.

(xxi) Modernization:

In order to modernize the functioning of Tourism Department and Corporation computerization and development of electronic communication facilities will be undertaken.

(xxii) Consultancy Services

Keeping the special requirements of tourism development in mind consultancy agencies having special knowledge and experience will be selected and utilized for planning, implementation and evaluation. Sufficient budgetary provisions will be made for these purposes.

(xxiii) Human Resource Development:

- (a) Department of Tourism will construct a new building for Tourism Management Institute and will provide training in various tourism related trades through this Institute.
- (b) Tourism Management Institute will be upgraded and established as an autonomous institute.
- (c) Food Craft Institute, Aligarh will be upgraded and made more advantageous.
- (d) A new Hospitality Management Institute will be established at State at local level and their services will be utilised.
- (e) Sufficient number of trained guides will be given license at State at local level and their services will be utilised.
- (f) Adventure Tourism Institute of Didihat and Jeoligrant Institute will be expanded.
- (g) Hotel Management Institute of Jhansi, and Almora will also be expanded.

(xxiv) Awareness about Tourism

The general belief that tourism is an activity of elite, will be removed by exposing people to the real, economically and socially beneficial side of the tourism. A liking for tourism will be generated amongst the people through a new awareness programme where by a favourable atmosphere will be created in tourist places to establish a healthy and smooth tourism sector.

Inter-Departmental Coordination will be established among the tourism related agencies/departments like Touris Forest, Irrigation, Culture.

Archeology etc. to work unitedly for maintenance, conservation, development and marketing of attractive tourism products.

(I) Constitution of 'Friend of Tourism':

In order to ensure Inter Departmental Coordination and removal of difficulties faced by private entrepreneurs a committee called 'Friend of Tourism' will be set up as given below to take case by case decision:-

Table 10.2

1	Chief Secretary	Chairman
2	Principal Secretary/Secretary,	Member
3	Principal Secretary/Secretary,	Member Finance
4	Principal Secretary/Secretary,	Member Planning
5	Principal Secretary/Secretary	Member Culture
6	Principal Secretary/Secretary,	Member Tourism
7	Principal Secretary/Secretary,	Member Industrial Development
8	Any other Principal Secretary /Secretary	Member concerned
9	Divisional Commissioner	Member Concerned
10	.Director General/Director	Member/Convenor Tourism

(i) Autonomous Societies at Region Level:

Region Tourism Promotion Councils will be set up under the Chairmanship of Region Collector to take up basic promotional activities and create suitable atmosphere for the development of Tourism at Region Level. These societies will be registered under the Charitable Societies Act and will implement their programmes with the grant given by the Tourism Department and also by mobilizing funds at local level. These societies will have representatives of important related Departments of the government and representations of the people. At least one important

tourist center will be identified and developed in each region by these societies.

(ii) Tourism Advisory Committees:

Tourism Advisory committees have been constituted at the Division and State Level. These committees will give their recommendations on tourism related problems, activities and development programmes.

(iii) Development of Inter State Circuits:

Inter State Tourism Circuits will be developed by linking the important tourist places of other State across the borders of Uttar Pradesh with out circuits.

(iv) Role of Government of India:

Suitable arrangements will be made by continuous liaison with the related Departments of Government of India such as Civil Aviation, Railways, Surface Transport, Waterways Authority and External Affairs to facilitate smooth arrival entry and movement of domestic and foreign tourists into Uttar Pradesh

2. BUNDELKHAND ECONOMY IN THE NEXT 20 YEARS

(a) BUNDELKHAND – A GENERAL INFORMATION

The present region of bundelkhand lies between approximately 23.10 degrees and 26.27 degrees (north) latitude and 78.4 degrees and 81.34 degrees (east) longitude, and comprises four regions of chitrakut division, three regions of Jhansi division, five regions of sagar division and one region of gwalior division. The cultural bundelkhand, however, spreads beyond this region and touches partially several of the adjacent regions, namely bhind, gwalior, morena, shivpuri, guna, narsinghpur, hoshangabad, jabalpur and satna etc.

1. Jhansi division: Lalitpur, Jhansi and Jalaun.
2. Chitrakut division: Banda, Chitrakut, Hamirpur and Mahoba.

The Bundelkhand economy is dependent on four important sectors, what

may be the important sectors in the economy of Bundelkhand during the next 20 years may be analyzed as follows:-

(i) FOREST INDUSTRY SECTOR AND ITS IMPACT IN THE GROWTH OF BUNDELKHAND ECONOMY

Forest in Bundelkhand region extends over an area of 2.2 lakhs hectares which accounts for 7% of the geographical area. The National Forest policy envisaged that in hill areas 26% of the geographical area should be under forest. Though it may appear that Bundelkhand region apparently satisfies the National Policy norm in quantitative terms, the vegetation and canopy cover in the forest area is far from satisfactory. The forest department itself has admitted that only about 40% of the forest is wooded and well stocked.

Forest area in the region faced the onslaught of in the recent past resulting in denudation of vegetation cover. This in turn created the problem of soil erosion. A combination of factors is responsible for the degradation process, the more crucial factor being the pressure of population. The genuine needs of the people living within the forest area and in the fringes, and the greed of unscrupulous people who destroy the forest by illicit felling of trees contributed to the dwindling of forest wealth. Lower Yamuna hill areas endowed with rich lime stone deposits. Unscientific mining caused great damage to the forest areas and the ecology of the hills.

There are three objectives, which guide forest utilization in an eco-system, first one soil and water conservation, second one the satisfaction of basic needs of fuel wood, food, fertilizers etc. and thirdly commercial and industrial requirements. Different objectives are found to be dominant in different phases of socio-economic development of change.

The sustainable utilization of the forests near the villages ensure their health & limits the exploitation of forests in the rest of the valley, which remained in the virgin state till the British entry in 1914.

In the next 20 years, region forest department planned scheme for forest growth in this region. There is a large scope of planting new forests in this area and the city can be beautiful.

The Army branch known as ecological force is doing an excellent work in planting new trees in the foot hills of Banda and Mahoba & near by Panna (MP) which helps a lot in forestation of trees. In this way the nature & beauty of the region's hills use conserved.

Thus the Govt. of U.P introduced a few drastic changes in the pattern of forest product utilization. Firstly a new pressure was put on the virgin forests by linking them with far reaching commercial demand outside valley with both the commercial demand of the Urban Industrial areas & of the local needs of the villages bordering the forests have been increasing with time, the management of reserved forests quite clearly has mechanisms only for responding to the farmer & not the latter.

The situation in the region forests has become even more serious in the last door to five years. The anti social gangs enter in to reserved forests with trucks & tractors & fell large trees that may fetch Rs 6000 to Rs 8000 in a single trip.

Partition of local people is an essential pre-requisite for successful implementation of the major programmes particularly those relating to civil soyam forest & social forestry. Educating the people on the adverse effect of denudation of forest & soil erosion & motivating them to extend their support of co-operation to the Govt agencies in the implementation of the programmes, should be done through extension network.

(ii) AGRICULTURE, INDUSTRY & THE GROWTH OF ECONOMY:

Agriculture, the main pursuit of occupation in developing economics has crucial role to play in the process of development & increasing its own efficiency and realizing resources for other sectors. The problems of

agriculture as an economic sector in the region Bundelkhand region have been investigated marginally despite the fact that agriculture with other primary activities, provides sustenance to majority of people in the region. Besides the primary sector activities have far reaching repercussion on the ecology.

Agriculture in region Bundelkhand region is largely carried on with traditional agricultural practices because of hill terracing & small size of operational holdings. The percent of total area under cultivation in the region is 17.68 percent which varies with highest 26.57 percent in Kalsi block to 12.94% in Raipur block. Area under barren land has shown a decline from 0.57% in 1996-77 to 0.58% in 1993-94 and marginally to 0.50% in 1995-96.

The present situation in the agricultural and plantation on economy of Bundelkhand region is rather depressing. As far as agriculture is concerned, conflicts over water for irrigation is creating immense management problems in agriculture, thus inducing the farmers to opt out of food crop cultivation and non to less remunerative but less management intensive cultivation of tress like Eucalyptus etc. Bundelkhand region that makes high quality paddy cultivation possible in the valley is no more being taken advantage of diversion of water for industrial purpose & bad maintenance of the canal system is forcing this sector of the economy to gradually with draw from the fore-front.

(iii) GRANITE BASED INDUSTRY

According to geological survey of India estimates Bundelkhand have a deposit of 34 m. tones of granite & 50 tons of phosphate. Other industrial minerals such as gypsum, copper, lead & marble are also available in the region.

The granite Industry in region can be divided in to two types, one related to extraction & the other related to processing. Both aspects of the Industry have been practiced in the valley traditionally. However, the U.P. Govt. on

recommendation of Supreme Court has put a ban on extraction & quarrying of granite stone in region & surrounding areas.

The granite industry initially was a very prosperous industry in this region. The Bundelkhand granite was regarded as one of the finest quality in India.

The main reasons for putting a ban on the granite industry were environment hazards to the Bundelkhand Industry. The continuing of quarrying in the region led to the deforestation of forests and as a result there was a serious threat to the ecology balance of the region.

The granite industry was creating a lot of air pollution in Bundelkhand region. Many forums debated especially the area around MP region, due to this, the pollution aspect. Many people suffered the air borne diseases like asthma & lungs problem.

If scientific planning is done a large number of employment & substantial amount of revenue could be generated. Even primary processing on suitable locations will simultaneously promote industries & tourism.

(iv) THE GROWTH OF TOURISM INDUSTRY

The region and many of the towns have an eminent tourist potential not only on accounts of their salubrious climate & pilgrimage factors but also by virtue of their picturesque scenery, dense forests which ultimately attract a large number of tourists. In the region Jhansi, Orchha, Khajuraho & Mahoba play catalytic role in attracting tourists round the year. These centers should take advantage of tourism industry in the development efforts. Khajuraho is already witnessing an annual flow of about 20 million tourists over a couple of years. It is revealed that over three & half decades the tourist flow in Khajuraho has increased by more than 98%.

Orchha, Jhansi, Datia, Matatila, Mahoba & Lalitpur are some of the important tourist places in the region which have potential to grow as

important tourist centers of the region & thereby easing the pressure of tourism boom from Khajuraho in the next 20 years.

Apart from all these four sectors, the Bundelkhand economy is also based on other factors also, which will have an immense impact in growth of tourism industry.

(a) EDUCATION

Bundelkhand region has another remarkable achievement to its credit and that is the school education which is considered to be one of the best in the country. There is a mushroom like growth of schools, especially of primary standard of English Medium people sends their children to these schools at a great expense for the sake of their children, future. However, recently Govt. opened a few good school in the region. So that the commercialization of education can be nabbed.

(b) SMALL SCALE INDUSTRIES

The Bunelkhand region is fast developing in the field of industry. The industrial units are emerging in Jhansi, Orai, Banda Lalitpur etc. Besides this a lot of small-scale industries are flourishing in around Jhansi, which would encourage a civilization in a long way.

In the next 20 years in the region. There are lots of projects of various industries to be established to generate employment on large scale and to develop the infrastructure of the Bundelkhand economy

Small-scale industries are mostly concentrated in the Jhansi and Orai. The small industries like Miniature bulbs, hosiery units chemical units and engineering units are also in Jhansi. The Bharat Heavy Electrical Limited (BHEL) leads in the industrial development and in the near future it will be faster than any other block in this respect.

Besides this there is a lot of scope for handloom in Jhansi, Chanderi and near by places. Most of the old units will require huge working capital for

their survival and it is heartening to note that co-operative bank is providing finance for this purpose. In Orai & Jhansi scope is limited to a few village. In spite of tough competition Industry can come up in near future.

Wood workers are also scattered all over the region whereas metal workers are concentrated at and around this region proper.

According to the region industrial committee, there are more than one wood workers in almost in every village two metal workers for every three inhabited.

3. Region planning and its role in the promotion of Tourism in the next 20 years.

The economy of any area depends upon the idea of planning. In Bundelkhand the process of planning was started in the second five-year plan. From the beginning the idea of planning and its process was started by the local people as many economist emphasizes the need of the growth of the various regions in the Bundelkhand. To determine the over all economic status is captured by analyzing dimensions such as - (1) the physical & Socio-cultural linkages to the to the economic well being of the population; (2) by classifying the population as well as blocks into various levels, affluence and depravation, (3) by analyzing the household consumption/expenditure patter; and (4) by critically reviewing the on going measures for eradicating poverty and thereby improving the over all economic health of the region under study. Without all the above four points, no area can progress. There should be many efforts in the above four points, if the growth of the particular region is to be taken. This is also true for Jhansi region also. Though many efforts are done but proper use of resources and trained educated staff and lack of education all those created obstacles in the growth of this region.

The planning process was, however, changed in the VIth five year plan, particularly in the year 1982-83. On the basis of region sector and state sector, all planning policy was divided. In each sector in region, plan out lay is based on different parameters.

Recognizing the importance of this areas in the context of over all development, the center government launched the hill area development programes (HADP) at inception of the fifth five year plan (1974-75). In view of the special factors and in consideration of regional imbalances, special central assistance (SCA) is provided under HADP to the areas, apart from the normal flow of funds from the state plans. The increase in funds clearly highlight the importance given by the central government to this areas development programes. However, development approach adopted so far as has been place meal and the general tenure of the plans for the hill areas does not differ significantly from the normal state plans. Plans continue to be characterized by the sectoral approach without adequate preference to Eco-preservation, Eco-restoration and Eco-development, which are key development issues in the region.

With the view to monitor the development affairs of thisl areas, the development council was constituted at the state level under the chairmanship of the chief minister. Keeping in view of the local needs, techniques and resources available, the VIII th five year plan envisages setting up of four sub committees under the over all co-ordination of Deputy development commissioner. The committees are required to submit these recommendations to the region magistrate. .

In addition to the above mentioned organization, scientists from Indian Grassland and Fodder Research Institute - Jhansi are producing the newly developed techniques in the Agriculture & Horticultural fields.

The concept of multi level planning in India has got highest priority with the enforcement of 73rd and 74th constitutional amendments by the government of India and subsequently coming up of new Panchayat Raj Acts by state governments for their respective states. The local level planning has become most popular in the recent years. Keeping in view the need of local level planning with reference to the Bundelkand region.

Centrally sponsored schemes along with the schemes of state government are being implemented in the region under the state sector schemes too have played an important role in the economic development of the region.

Attempts are being made to establish co-ordination among various schemes being implemented by different department.

Several revolutionary changes have been introduced in the planning process since 1982-83. The various schemes proposed to be undertaken for the region development were classified into the region sector and state sector schemes on the basis of their scope and impact.

Following parameters were suggested for deciding the region plan outlay for the various region blocks:-

Table 10.2

S.No.	Items	%age of allocation
1.	Total population	50
2	Population of scheduled castes, Scheduled tribes	05
3	Number of landless laborers & Marginal farmers	10
4	Backward areas in respect of :	

a)	Agriculture	05
b)	Industrial development	05
c)	Electrified villages	05
d)	Toilets in hospitals	05

e)	Drinking water	05
f)	Geographical area	05
g)	Forest covered area	05
	
		100
	

The annual plan formulated for the region keeping in view the national, state and local priorities of the areas.

While formulating the region plan attention is sought to be given to the importance of productivity and employment opportunities through various programmes. For this purpose, schemes have been formulated keeping in view the importance of horticulture, cottage industries and tourism employment opportunities are sought to be enhanced through the provision of general and technical education.

The draft master plan prepared by the state, town and country-planning organization has been reviewed by an expert group of the department and modifications have been suggested to ensure that the natural boundaries of the valley, which make it, a scenic spot are to be conserved. Accordingly the industries are being permitted in selected industrial zones after careful analysis so that their emissions and effluents remain within the permissible limits without endangering the vulnerable population of the region.

Heavy industry is proposed to be dispersed outside the regulated area. The suggested modifications are being incorporated by the concerned authorities.

The objectives of development and the planning of urban areas (of master plan) would be to create:

e)	Drinking water	05
f)	Geographical area	05
g)	Forest covered area	05
	
		100
	

The annual plan formulated for the region keeping in view the national, state and local priorities of the areas.

While formulating the region plan attention is sought to be given to the importance of productivity and employment opportunities through various programmes. For this purpose, schemes have been formulated keeping in view the importance of horticulture, cottage industries and tourism employment opportunities are sought to be enhanced through the provision of general and technical education.

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Heavy industry is proposed to be dispersed outside the regulated area. The suggested modifications are being incorporated by the concerned authorities.

The objectives of development and the planning of urban areas (of master plan) would be to create:

- a) Conditions of homeostasis between natural and manmade environment.
- b) Balance long terms and short-term returns from the exploitation of resources to faster economic growth.
- c) To promote tourism industry
- d) To promote social equality.

Bundelkhand region forms a discrete Eco-region and should be taken as the unit for Eco-system planning within this unit, different settlements co-exist each with its special character and nature involved over long period of time and conditioned by natural inter dependence.

The region plan which deals with all aspects of the region except the urban components and the master plan for the urban development which deals with the urban component and bears no reference to the over all region plan.

The projected population for the regulated area in the year 2001 is 49,00,000. The limit of regulated area as established by the Master plan has been arbitrarily chosen to include only contiguous areas around the existing municipal limits. Thus the regulated area excluded other areas and settlements that will be affected due to the implementation of the proposed master plan. To understand, there is need to know the following:

1. The role of forests as environmental moderators and their exploitation to meet industrial and energy needs of the population and rodder needs of the animals.
2. The role of tourism and to educational facilities as preferred generators of future employment and economic base of the valley.
3. The locational logic of trade and commercial activities.
4. The role of large national level institution and that of the corporate sector.
5. The logistics of water supply is one of the fundamental requirements for human habitation.

6. House hold public utilities and services and the role of appropriate community level technologies to improve the quality of life.
7. Origin and destination surveys to establish traffic and transportation proposals.

It may be concluded that the Master Plan of the regulated area of Jhansi 1982 to 2001 has not related to a dynamic framework, the resources needs and capacity of the resources to meet the needs of the study area.

The report on environmental parameters pointed out the ecological sensitivity of the region and reported on the problems of soil erosion, loss of vegetation, damage to water resources and damage to this region.

In 1981, the department of Industries (U.P) appointed another committee to decide the renewal policy for a number of quarrying leases. According to the findings of this committee quarrying was to be discontinued in the Lalitpur area because of the impact on the environment and the consequent impact on tourism. The Govt. of U.P decided to put a ban on leases.

(a) REGION COUNCIL

A region council shall be constituted to seek active peoples participation in area planning and unless the people realize the fragility of the Eco-system in which they live and work, area planning will not really succeed. It may also be used as a sounding board for gauging public response to plan proposals.

The forum of region council may also be employed to arrange negotiations and bargaining with different groups who are beneficiaries or victims of plan proposal.

ORGANISATION OF REGION TOURISM AUTHORITY:

For the growth of tourism in this region, Tourism development authority has been organised to look after tourism sector. And for this sector Rs 1,00,000/- have been proposed in annual plan.

PROPOSED MASTER PLAN OF REGULATED AREA (1982-2001)

No substantial increase in area of the municipal limits of region. A definite pattern for future urbanization is recommended through:-

- a) Increased density within existing municipal limits.
- b) Establishment of new growth roads around Jhansi
- c) Planning area in between Jhansi and Orai to accommodate over spill activity, especially wholesale activity, industries and other employment generating manufacturing activity.

Progressive reallocation/upgrading, pollution control measures of existing industries/kilns/crashers and identification of areas per new permissible industries are to be taken up immediately.

Removal of industrially backward status of Bundelkhand region and encouragement of tourism industry and higher education related schemes/projects are preferable for long-term economic development of the valley and its people.

Jhansi development authority had a master plan of a ropeway to start in the area. This will be of immense help to tourists, as they can see natural beauty of the place by ropeway. The construction of rope way will help in maintaining the ecological balance of the region, as the construction of road will be minimized in this way, thereby solving the problem of transportation. There is an urgent need of the construction of ropeway for the purpose of traveling, as it will help a lot in developing tourism in the region.

Region planning unit have proposed various projects plan for tourist complexes in its annual plan. In Jhansi and its surroundings area new tourists complexes will be constructed under the policy of state government in next twenty years.

Thus the development of tourism should take place properly and in planned manner. Besides, that attempts should be made to attract tourists to a wider area for a largest part of the year by developing infrastructure and ancillary facilities. Region offers a wide choice of places of scenic beauty and recreation, so one must also realize that at least for some time to come, the economic benefit of tourism may remain restricted to a small part of the population.

Alternative cost and benefit of building tourist facilities and of investment in directly productive activities should of course be assessed.

4. PROSPECTS OF DEVELOPMENT OF BUNDELKHAND REGION

Bundelkhand region is endowed with some important tourist centers which attract a large number of tourists domestic and foreign. Besides, Jhansi is also the gateway to various places in the region. Chitrakoot is a religious center for the Hindus. A number of Ashrams are located in and around this region. People from all over India and foreign countries visit the Ashrams and some of them even stay there for a considerably long time. Jhansi is also well known for its public schools and Bundelkhand University, which attract a large number of students from out side. A number of tourists visiting in the region have been increasing every year. Region is even witnessing tourism boom. The unprecedented rise in tourist arrival was recorded in the later half of 18th and early 19th century. The tourist potential in the region has to be exploited fully by providing adequate facilities for the visiting tourists. This would mean better transport facilities augmenting the hotel accommodation, maintaining scenic spots with landscaping whatever required and by providing amenities rest houses and recreation facilities.

Today tourists trade expansion needs building up of infrastructural facilities around the main centers of attraction and consequently, the environmental degradation and ecological hazards are quite pronounced around these areas. All of these man made destruction's of the environment have vanished much of the natural beauty of the region. The growing number of tourists, over several lacs in a peak season, causes serious socio economic dislocation. Tourism is a way to develop infrastructure of the economy. Developing tourism indirectly develops other sectors also such as roads, rail lines, airports, electricity and gas supplies, sanitation, water supply and a number of other things that attract and facilitate tourists. Therefore a number of resorts should be built to provide better amenities.

Tourism development in Bundelkhand has to be viewed in the larger content of tourism development in the entire U.P and after creation of new state Uttranchal Uttar Pradesh has only this region to develop. As Jhansi is the entry points for tourists proceedings to Khajuraho, the tourist infrastructure has to be improved vastly. Efforts should be made to develop "Rural Tourism" and lesser known places to avoid congestion during peak seasons in places like Jhansi, Orchha and its surroundings.

Some places die in its attraction, due to lack of infrastructure and development. The tourism industry of this region can be developed on the pattern of Switzerland where it is wonderfully well organised.

For the development of this region, the first step is to analyze about the structure of economy and its problem and think over possible solutions. For the development of their area, the local people themselves should come out with suggestions. The government should also be more vigilant and should give top priority to these projects, which can be completed, within a short span of time. The administration should inspect the location and then do locational planning annually with the help of locals. Wild life preservation, National parks, birds of animal sanctuaries should be developed in modernised way. Though the govt. of U.P. has taken a great stride by developing Rajaji National park. But a lot is to be done.

For the growth of tourism U.P. government planned new policy for tourism sector, industrial development, transport system, forest sector and for other sectors in the region.

Recommendations of development agencies

1. There should be a perfect co-ordination between the state government, public, private sector in the field of technical and financial assistance in regard to growth of tourism resources, preservation of natural beauty, natural heritage, preservation development of economy and development of tourism plan etc.
2. Control on polluting industries in the region, with an emphasis on providing a package of incentives to attract non polluting industries.
3. Complete ban on Mining in the region.
4. Declaration of environmentally fragile zone.
5. To promote traditional methods of art and handicrafts and to promote cottage industry will help in developing tourism industry.

There should be a plan for providing better entertainment facilities to tourists. By providing summer and winter festivals on regular basis, in which the tradition and culture of the area should be highlighted. The places of historical significance should be preserved.

Apart from all these, there is a lot of scope in sports, mountaineering, water sports, lakes etc. in Jhansi and its surroundings.

The Transport system in region is worse, a lot of Vikrams (auto) is playing on the road. The govt. has given a lot of licenses to this Vikram owners. There is no proper and wide roads in region. In peak season the Jhansi is helpless in coping with the traffic problem. There is no adequate parking for the tourist cars to park. So, the parking space in Jhansi is urgently and on priority required in order to facilitate the traffic in the region.

DEVELOPMENT SCHEMES

1. A Master plan is drawn to beautify the spot of Jhansi and its surrounding area.
2. A number of new parks and the schemes about beautifying the city is on card. In Jhansi city additional budget is being allotted to renovate and to beautify the existing park.
3. To put a brake in making pollution free area by limiting the number of Vikrams (auto) which are of the main source of polluting the Jhansi. To put a ban on stone Kracers else shift them from the main residential areas.
4. To stop unauthorized construction within city and surrounding areas. However, a government of U.P has launched a drive against this. But still many unauthorized buildings are standing in the city.
5. The government of U.P is giving financial assistance to the entrepreneur to establish cottage industry, small-scale industry, hotel, travel agency, and restaurant snack corners in the region. Under this scheme Rs 2,00,000/- is sanctioned to a single person. More over a subsidy of 30% will also be given.

SUGGESTIONS

The hotels should be well equipped with all the modern facilities like FAX, EPBAX, Internet, and Communication System etc. The hotel should entertain the tourists by organizing programs of tourist interest.

The handicrafts, garments, woolen items may be manufactured and to provide them at reasonable rate to tourists.

Tourist's spots should be developed and cultural programs should be organised in order to attract the tourists.

The flower circulation should be planted on the either side of Jhansi and its surroundings.

The hotels built in India pattern may be provided modern facilities in the region. The hotels tariff may be fixed keeping in view of the financial position of middle class.

5. TOURISM INDUSTRY IN THE REGION IN NEXT 20 YEARS

Uttar Pradesh, geographically the fourth largest state in India, nestles within its folds a diversity of terrain and culture. Its 2,94,410 sq.kms. have the mighty Himalayas as silent sentinels; Gods, saints and sages have sanctified its soil. Thick deciduous and tropical forests with exotic flora and teeming wildlife. The largest system of meandering rivers and fertile plains with tales of love immortalized by the magnificent Taj Mahal and the "*Rass Leela* (Dance of love)" of Brijbhumi. Rocky domains of the hills of central India famous for their tales of bravery and valor.

With its unending beauty in diversity, U.P. offers, perhaps, the richest tourism potential. Snow clad mountains, forests and wildlife, shrines and temples, glorious forts and monuments, breathtaking adventure and sports: trekking, skiing, hang-gliding, water and aero-sports, etc. Beautiful art and handicraft, exotic traditional cuisine and costumes and a varied culture.

Till now the State Government had laid emphasis on providing the necessary tourism infrastructure through the public sector. However, with the fast changing economic scenario there is now a need to involve the private sector in the development of tourism infrastructure and adopt an approach that will ensure the best possible utilization of resources of the state in the long run. This generation of infrastructure will not only cater to the needs of the tourists but also create direct and indirect employment. The tourism policy takes note of the above and provides a comprehensive package of incentives/facilities to the private entrepreneurs for rapid development of the tourism infrastructure in the State

After creation of new of new state Uttranchal, the state has only main tourist centers in Bundelkhand , which were well developed in this period. The capitalists and the industrialists developed the facilities of hotel

business and entertainment facilities in Bundelkhand region. The kings, Nababs and British soldiers and retired officers built different resorts in this region. The rich developed different facilities of restaurants, clubs, hotels, and entertainment and of transports.

Various future plans of tourism promotions are as under: -

1. Schemes for the tourism development: -

The U.P. Government in Bundelkhand region carries out the following scheme work

Tourist Destinations	Actual (1993)	1994	1996	1998	2000
Jhansi	1.60	1.74	2.10	2.54	2.99
Chitrakoot	9.62	11.07	13.38	16.18	19.56
Kalinjar	5.05	5.62	6.79	8.20	9.92

- The Tourism Finance Corporation of India has been set up to help the private sector build hotels and assist in large hotel projects.
- Hotels, travel agents, tour operators, tours and transport operators, etc. are eligible for status of Export House/ International Service Export House/ Star and Super Star Service Export House.
- The eligibility for granting Service Export House status to the hotel and tourism units is currently Rs 60 million.
- Concessional rate of customs duty of 5 percent for items that are required for initial setting up, or for substantial expansion of the hotel under the EPCG scheme.

- Expenditure tax has been waived in respect of hotels located in hilly areas, rural areas, and places of pilgrimage or specified places of tourist importance.
- For financial year 2001-2002, 40 percent of the profits derived in foreign exchange by hotels, tour operators and travel agents exempt from income tax. Exemption in excess of 40 percent available if profits reinvested in tourism projects. The above exemptions are being phased out by reducing the quantum of exemptions by 10 percent each over next 4 years.
- Move to set up international call centers for reservations and complaints. Call centers are entitled for tax holiday benefits.

Hotels located in hilly areas, rural places, places of pilgrimage and certain specified locations eligible for a 50 percent deduction from profit for a period of ten years, if they start operating between April 1, 1997 and March 31, 2001. Hotels located in locations other than Delhi, Calcutta, Mumbai and Chennai are eligible for a 30 percent deduction from profit, for a 10 year period

PROPOSED PLAN FOR TOURISM PROJECT

A number of tourism project schemes have been chalked out by the department of U.P Tourism. Out of them some schemes are under consideration.

i) Beautification of Jhansi

For the implementation of beautification scheme for the region horticulture officer has proposed Rs 22.36 Lakh for its development. And in this scheme the following work is to be proposed.

- a) Construction of Laxmital
- b) Construction of a children park
- c) Construction of Car parking
- d) Construction of a Garden

It is proposed that the government will be in a position for providing only basic facilities like drinking water, roads, electricity etc. While other developmental works will be undertaken by the private sector.

Thus tourism, which can attract a large influx of foreign and Indian tourists, cannot become the main stay of the people of the hill unless awakening comes in the concerned circles. Undoubtedly improvement of the tourist spots is meaningless without good accommodation facility, restaurants and proper grade shopping arcades backed by good private and public transport system. A tourist who is willing to spend liberally for enjoying the scenic beauty of tourist's spots in the hills would not like to get stranded.

While formulating the scheme on tourism, the following aims and objectives should be taken into consideration.

1. To attract more and more tourists to visit tourist places of hills in Uttar Pradesh.
2. To prolong the stay of tourists in region during winter season.
3. To promote youth tourism and adventure tourism.
4. To encourage private entrepreneurs to play an important role in the development of tourism in hills.
5. To generate maximum direct and indirect employment through tourism.
6. To cater the needs of the middle and low income group tourists and pilgrims.
7. To develop tourists on the basis of travel circuits which would increase the average period of stay as well as promote lesser-known places of tourist interest en route.

Thus tourism can only be developed and flourished when it is considered as an integral part of general development plan for the area.

TOURISM INDUSTRY IN BUNDELKHAND IN NEXT 20 YEARS

To estimate the future prospects of tourism industry in next 20 years, we have to analyze the data of last 10 years regarding the tourist influx and growth of tourism industry in the region. Such an analysis has been made in Table 10.5.

Table 10.5.

Tourist influx in Bundelkhand from 1988-89 to 1997-98 (in lakh)

Year	Tourist Influx	
	Y	X
1988-89	65.09	1
1989-90	68.38	2
1990-91	70.52	3
1991-92	72.85	4
1992-93	75.15	5
1993-94	77.82	6
1994-95	78.20	7
1995-96	81.70	8
1996-97	65.70	9
1997-98	83.78	10

Note : In the above table the X was computed taking 1987-88 as base year.

From the analysis of Table 10.5, it can be noted that the tourist influx had a continuous increasing trend from 1988-89 to 1997-98. In the year 1988-89, the number of tourists visiting the Bundelkhand was 65.09 lakh and in the year 1997-98 the tourists visiting the region was 83.78 lakh which was 28.71% increase during the span of 10 years.

Future growth of tourist influx in next 20 years can be projected on
Table 10.6

Table 10.6

Trend of growth of projected tourists influx during the next 20 years in
Bundelkhand region.

Year	X	Projected Tourist influx
1998-1999	11	85.19
1999-2000	12	88.94
2000-2001	13	92.69
2001-2002	14	96.44
2002-2003	15	100.19
2003-2004	16	103.94
2004-2005	17	107.69
2005-2006	18	111.44
2006-2007	19	115.19
2007-008	20	118.94
2008-2009	21	122.69
2009-2010	22	126.44
2010-2011	23	130.19
2011-2012	24	133.94
2012-2013	25	137.69
2013-2014	26	141.44
2014-2015	27	145.19
2015-2016	28	148.94
2016-2017	29	150.23
2017-2018	30	152.58

Note: In the above Table 10.6, X was computed taking 1998-99 as base year. From the analysis of Table 10.6, it can be noted that the projected tourist influx in Bundelkhand would almost be more than doubled from 1998-99 to 2017-2018 in next 20 years.

If this trend of tourist influx continues, then it will be a remarkable boost to the tourism related industry.

From the above estimated figures of tourist influx in next 20 years in the region, it can be inferred that tourist industry has a bright future ahead. It would also provide direct and indirect employment to lakhs of persons by stimulating business activities. Not only this, the above trend further indicates that the government of Uttar pradesh had ample development program on cards which will definitely give rise to new tourist spots, which will help in attracting more and more tourists.

To cope with the increased tourist traffic, the ministry of Tourism will have to take concrete steps to develop infrastructure in the region. Therefore, it can safely be concluded that if basic infrastructure and basic facilities be provided to the tourists, then this region has a tremendous potential to attract tourists from all over India and abroad.

CHAPTER XI

Analysis, Suggestions and Conclusions

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CHAPTER XI

ANALYSIS, SUGGESTIONS AND CONCLUSIONS OF STUDY

1. Analysis/Findings of the study

Bundelkhand is an important and famous region and is often known as a 'Indra ka desh' where lacs of tourists come every year. There has been a tremendous growth of tourist's spots and the tourists industry in this region has registered a remarkable progress. During the last two decades, a number of facilities have also been provided in Bundelkhand region to cope up with the increasing number of tourist traffic. Hotel Industry plays a vital role in Bundelkhand and nearly 8% of the total hotel unit were established in the whole state of U.P are found in this region. They provide more than 3% of the total employment in hotel industry in the region. This is also true for the Travel agencies. A number of Travel agencies have been established in Bundelkhand region. These agencies provide package tours to the tourists. There have been remarkable growths of tour operators in Bundelkhand region, which provide the tourist guides, transportation, trekking opportunities, porters, reservation/booking of hotels etc.

In Bundelkhand region most of the hotels, travel agency have started by the individual funds. Only a few hotel units/travel agencies have been started with the help of loans taken from various financial institutions. Generally most of the entrepreneurs start with the small units from their own resources and funds, but later when the business of their units grows and expands they feel the necessity of increasing the size and class of their units. When a hotel /travel agency starts to construct annex building, office or wants to give extra facilities like installation of furniture modification of office, kitchen plans, utensils equipments vehicles or any thing else obviously they needs capital for this project. The entrepreneurs then go for external finance. External finance assistance provided by different institutions is inadequate keeping in view the requirements of the industry. More over lengthy and complicated loan application formats,

cumbersome procedure, delay in loan sanction, high margin money and high rate of interest are other problems, which are being faced by industry. There are many financial institutions, like U.P.F.C, PICUP, Commercial banks, state bank of India, Tourism department etc. that help the tourism industry in setting hotels, travel agency etc., by providing different kind of finance facilities. However, it cannot be ignored that despite many financial institutions and government agencies operating in the region tourism industry is not developing due to lack of funds. Some of the important facts derived from the study are as follows: -

- During the study period the maximum 25 loan applications for external finance were filed with the U.P.F.C. Out of the total loan application received during the year only 8 loan applications were approved and disbursed.
- The Tourism Department of Bundelkhand Region in U.P received only 15 applications. It sanctioned loan to only 5 applicants.
- U.P.F.C, the U.P government's funding body though operating in the region, its contribution in tourism related projects remained praise worthy and maximum.
- Aforesaid agencies, UPFC rejected most of the applications because entrepreneurs failed to comply with the credit approvals criteria laid down by them.
- The commercial banks rejected maximum number of applications followed by tourism department, which failed to oblige as many as 10 applications.
- Among the various reasons due to which loan applications were rejected, the main reasons were inability of the applicants in furnishing the desired information and not enclosing project reports duly certified by the Chartered Accountants.

Most of the hotels in Bundelkhand region are facing with problems of funds; marketing of tourism related services and professionally qualified managers. Most of the hotels in the region are old and being operated in out dated buildings. However, a number of western style hotels have also been constructed in the region. So far in Bundelkhand region of Uttar

Pradesh there is no five star hotels and adequate infrastructure, which is essential to attract both foreign and domestic tourists even though there are many natural as well cultural tourism destinations such as Jhansi, Deogarh Chitrakoot, Mahoba. While Khajuraho has four five star hotels in its credit which is situated in Bundelkhand region of Madhya Pradesh.

In recent years investment in hotel/travel agency has been quite significant both in infrastructure and super structure. But still more needs to be done. Different financial institutions are also coming forward in giving loans to tourism related industry for construction and expansion of their units. Rules have been framed as to the quantum, rate of interest, period of loan, purpose and eligibility for loan.

Ignorance of borrowers is another aspect; borrowers are totally ignorant about the loaning scheme. They know about these schemes through sources other than financial institutions. Many of the borrowers were found to be ignorant about the UPFC, PICUP and their loaning schemes. It is a sad phenomenon needing remedial measures for better attraction of the young and energetic entrepreneurs towards these institutions. It is rightly said to be the backbone of tourism industry in Bundelkhand region, as these institutions are of immense help in creating an environment for the take off in the tourism development in the region.

Apart from this the financial institutions also faces various problems in granting loans to entrepreneurs. Entrepreneurs in hundreds submit their application for loans in the financial institution and commercial banks. The institutions find it very hard to select and evaluate the applications. Many applications submitted by the entrepreneurs are not properly filled according to the format, detailed project report are not enclosed and do not fulfill the legal requirements in the first instance itself. They sometimes forget to deposit the requisite legal service charges along with requisite papers to complete legal formalities. The financial institutions reject loan applications, which are not enclosed with the title deeds in favor of previous owner if any to establish his title thereto.

Poor recovery of loans and interest is another problem, which is being faced by these institutions. Very few units refund the loan and interest in due time. Most of the hotels and travel agencies are irregular in payment of installments, due to which these financial institutions faces problem. Some times the corporation and banks have to move to the court for legal actions against the defaulters.

Tour Operators/ Applicants Grievances

To enquire about the problem being faced by hoteliers and travel agencies a questionnaire was prepared. From the analysis of the data collected from the questionnaire following facts were derived.

- The borrowers revealed that they are not satisfied with the format of application form. The information seeked by the financial agencies are lengthy and repetitive in nature.
- It is also learnt that the officials of different agencies providing loan facilities are of little help in guiding the borrowers to fill in correct information. They are not cooperative and unnecessarily delays in file processing.
- Even when the information required by these institutions is generally made available promptly, large number of borrowers complained, that delay is rampant and loan applications are hardly disposed in time. The borrowers are sore over the rude behavior of the staff whenever they approach for the early disposal of their loan application.
- The survey of the borrowers revealed that even they had given the money to staff members of the financial institutions for early disposal of their loan application. The corruption is growing in these financial institutions also. An urgent attention is required in this field to cope up with this sort of unpopular problem, as these institutions play a very important role in developing and promoting tourism in Bundelkhand region.

Although the present study provides detailed role of financial institution in promoting tourism in the Bundelkhand region. It is imperative to give here the other aspects of the study conducted as there is plenty of scope and many more bold steps is required to be taken by the financial institutions, commercial banks and state government for the development of tourism economy in the region: -

- Tour operators, transporters etc. have their earning from the tourists. Besides this, some allied business firms like construction firms, taxi drivers, shopkeepers, photographers etc. also earn their livelihood from this industry indirectly. Thus tourism promotes income and employment.
- Money spent by the tourist in tourist spots changes hands a number of times. The impact of this expenditure in the economy goes on multiplying. The size of the multiplier depends on the size of tourist expenditure and the proportion of income distributed to the other channels of the economy. The multiplier effect of tourists expenditure varies from place to place. Each successive round of spending helps in raising more income and employment in economy.
- Bundelkhand region was quite backward in the beginning of the present century and now it is fast developing on account of rapid industrialization and tourism. The influx of population from neighboring plain areas and opening of government and non-government offices has changed the entire character of the region. It now attracts people from all walks of life. It has a congenial atmosphere and healthy climate and that is why lacs of tourists visit several places in the region round the year.
- The tourist traffic has increased tremendously during the last decade (1988-89 to 1997-98). The number of tourists who visiting the region increased from was 55.09 lakhs during 1990-91 to 63-78 lacs over a decade. Thereby reflecting a growth of 28.71 % during the period.

- Tourism has entered into the way of life of the people and this has contributed a lot in giving a big push to the development of transportation and opening up of new hotels, restaurants, travel agencies, tour operators and other entertainment houses. On the other hand, the development of new roads and better facilities of transportation have contributed a lot to the promotion of tourism industry. About 80-to 85 lakh tourists visit region and its neighboring places each year. Lakh of people pay their visit to the Jhansi, Khajuraho, Orchha, Mahoba, and Chandery every year. Quite a large number of them also come to see Chitrakoot etc. To cater the need of visiting tourists in the area the tourism department had built many hotels, but during the summer season these hotels are inadequate to the growing number of tourists traffic. The private sector has thus taken a great step by building hotels, motels for the tourists in the region.
- Before independence, Jhansi and its surrounding were not accessible to common persons. The tourist traffic was very low. However, after independence the tourist traffic has increased enormously. This was also true about the tourism industry. The numbers of hotels, motels etc. were very less. Now the tourism industry has gained a lot of prominence in the economy of the region. Hotels, Motels, travel Agencies, Tour Operators; Transporters etc. have played a vital role in the tourist economy of Bundelkhand region.

2. SUGGESTIONS

It is generally said that Tourism Industry in Bundelkhand region has a vast potential for the growth and development with considerable possibility of additional employment and incomes. Perhaps, the potential is there but the point, which needs to be made here, is whether the tourism in this region is developing on the right lines. For improving and promoting tourism in Bundelkhand region the following suggestions are offered: -

We shall discuss about the following aspects of study in this section

- Different categories of tourist visiting the region
- Some general problems faced by them
- Suggestion for improving the influx of tourist in the region

Generally the tourists visiting the Bundelkhand region are of three types. This region attracts all sorts of tourists.

- i) Indigenous tourists
- ii) Foreign tourists
- iii) Pilgrims tourists.

Indigenous tourists visiting the Bundelkhand region are larger than other types of tourists. Indigenous tourism could be of several types such as recreational adventure and pilgrim tourism. The tendency so far in this region has been to cater mostly to higher income groups of tourists from the plains (except in case of pilgrim traffic.) There is a need to open up Bundelkhand region, particularly Khajuraho, which is the major attraction for foreigner as well as for domestic middle & lower middle classes tourists. In order to improve the rate of influx of different categories of tourist visiting the region every year policy have to be framed which should be carefully matched with tourism related services, infrastructure facilities and environmental considerations. The imperative need is to preserve and to enrich the environments, which are the major factors for attracting the tourists. Until and unless these points are not seriously considered tourism in the region cannot continues to improve on a sustained basis.

Foreign tourism should be attracted and encouraged to visit Bundelkhand region, which would generate additional foreign exchange required by the region. This would mean, that we should select carefully tours packages, which are matched with facilities of transportation, accommodation, catering, site seeing, shopping malls etc. This kind of tourism focuses on high income earning tourists. In this context there would be much greater need for concentrating on treks, camping, sports, sale of art ware and handicrafts etc. Encourage to foreign tourism would need carefully packaging the product and marketing it.

For pilgrims whose number is very high, different package of facilities and services are necessary. Most of the pilgrims come from lower or lower middle class sections and cannot afford to spend a great deal of money. For such type of tourists inexpensive accommodation and catering arrangements, reliable economic transportation and a good organization to guides are necessary.

For recreational tourism there is a need to disperse the tourist in flows from present resorts and towns like Jhansi. Jhansi for example has over extended their capacities by intolerable margins. Therefore, the need is to regulate the development of existing towns and to disperse tourist resorts and sites as well as construct new townships, which can attract additional and incremental tourist traffic.

There should be continuous efforts to maximize the stay of the tourist in Jhansi and Orchha. There should be an endeavor to make the region tourist friendly so that more employment can be generated on a sustained basis and per capita expenditure of the tourists can be increased to benefit local communities of Bundelkhand region.

Mobilizing local people for a healthy expansion of the tourism industry in Bundelkhand region is one of the criticalities to be reckoned with. Local mass has to be partners in these efforts. Without essential local participation, tourism as an industry cannot succeed. The local people have to have pride in their beautiful environment. They must maintain the beauty. The visiting tourist must show empathy both for environment and people. If these conditions are met then tourism can prosper in a big way in Bundelkhand region.

The need for protecting the Bundelkhand region Eco-tourism is unexceptional. The progress of tourism industry in the region depends upon the friendly environment. This environment includes both natural and man-made. Thus the tourism in this region can only be promoted

when we control the degradation of environment and improve & rehabilitate the areas that have been deteriorated. Conservation of the existing environments and further enriching them is a positive effort towards the development of tourism in the region.

It is not only the sectoral outlays for tourism that need to be enhanced, complementary infrastructure in the form of roads, electrification, drinking water, drainage and sewerage etc would have to be improved. There would be need for tourism education and motivation also.

Tourism in Bundelkhand region is largely a seasonal phenomenon. There is a maximum inflow of tourists during rainy and winter months in Jhansi and it's neighboring areas. Then there is a short autumn season during which the tourists visit the region. Summer months are particularly blank except for a few days when the tourist flock in to Khajuraho. The capital invested on tourism for creating facilities for tourists remain idle for almost two thirds of a year. Therefore, there is an urgent need for planning the tourism in Bundelkhand region in a manner as to spread out the inflows more evenly. This could be done in many ways. For e.g.: Specific seasonal packages can be developed with incentives for non-peak periods.

The tourism potential in the region has to be exploited fully by providing adequate facilities for the visiting tourists. This would mean better transportation facilities. The Railway department has taken good initiative by introducing Shatabadi train, which runs through New Delhi and Bhopal for the middle class tourists. But there is a need to introduce more such Tourist trains such as "Palace on Wheels" pattern should also be introduced linking Jhansi and it's neighboring with all over India.

As Jhansi & Khajuraho are entry points for tourists proceedings to region therefore the need for a developed airport arises urgently. An international airport in Bundelkhand region will form the foremost vital link in the chain of tourist facilities and infrastructure.

The government should give tour operators the status of exporters and declaring tourism as an export industry. That of every 100 dollars earned by tour operators 99% remain in India, while of 100 dollars by these engaged in gems and jeweler trade 90% goes out in the form of imports of uncut stones and gold etc. Even in the carpet business import of wool from Australia, New Zealand and machinery drain away 50% of their export earnings. Taking into consideration the above facts, there is a suggestion that tour operators should not be denied any longer the benefits that exporters enjoy.

There should have proper security arrangement for tourists. The police department must install tourist beat boxes all around the region especially in Jhansi and Khajuraho so that tourists are not exploited and harassed by undesirable elements. The places like Jhansi city, Khajuraho and Orchha are crawling over with beggars, touts and undesirable elements. There is a need to clean up these places and enforce discipline so that tourists can enjoy these places without distraction. Perhaps for this purpose tourist police could be the answer.

There should be a perfect co-ordination between the hotel industry, local transporters, travel agencies, tour operators, tourism department, etc. which is at present not however coordinating in this region due to inner rivalry, lack of efforts and competition with in themselves. The government agencies such as ITDC, U.P. Tourism, etc, should put up inexpensive accommodation to tourists and provide all necessary help and encourage private individuals and organization to do so.

Now, the state government has a proposal to create a Land Development Banks for financing tourism sector in Bundelkhand region. This is a welcome step and long overdue. What is needed is its speedy implementation.

Another suggestion for promoting tourism in Bundelkhand region is to concentrate more on adventure tourism, sports, camping. These activities

do not need very costly infrastructure and at the same time, through their development, employment generation can be quite substantial.

Tourism advertising is the most visible and significant part of tourism management. It is seen that some 50 % of the budgetary allocations on tourism advertising is spend by some advance nations to promote tourism destinations. But this is however lacking in India and we are not able to keep pace with other nations. Through tourism advertising we can send public message designed to describe praise or inform on an area or destination in Bundelkhand region. This can be done through the use of Newspaper, magazines, radio, Internet, documentary films screened on television or any other media.

Specific and need based financing mechanisms would have established in institutional forms for financing tourism in all its aspects. Till now this arrangement is wanting and entrepreneurs find it extremely difficult to arrange for finances for enterprises related to tourism development. These institutions should provide single window facilities from project conception and formation, equity sharing, loans, refinancing, constructions, supervision and commissioning of projects, disbursement of capital and transportation, subsidies and assistance for acquiring land building materials, electricity, drinking water and other similar requirement.

At present only twelve states have declared tourism as an industry in our country. The state government should offer attractive incentive in terms of capital subsidies and soft loans, tax concessions, cheap power and water marketing help, training facilities etc. so that both financial and human resources become available for the growth of tourism.

The UPFC and commercial banks are doing a lot by providing long terms finance for construction of building and for the acquisition of equipments and other fixed assets in Bundelkhand region. The State and Central government should provide additional finance at the disposal of U.P.F.C and PICUP so that they may accommodate the entrepreneurs for meeting

their growing demand for finance. Due to the rising cost of raw material and land prices, the hoteliers, travel agencies, tour operators etc. need larger funds for financing their units.

Therefore, the time has come when these institutions should revise the present ceilings of loans granted to entrepreneurs. The U.P.F.C should be allowed to sanction loan up to 1.5 crore and loan above this amount should fall within the jurisdiction of PICUP.

The application procedure should also be simplified. Terms and conditions should also be amended in such a way as to make convenient to the borrowers without affecting the system of institutional finance. The present procedure adopted by the UPFC especially is cumbersome, difficult to follow and at the same time causes delay in sanction of financial assistance.

The loan subsidy, which was earlier discontinued from 1990 onwards, should immediately be restored particularly for tourism in order to provide an incentive to the prospective entrepreneurs.

Co-coordinated Efforts Between Financial Institutions and Tourism

Department: - There should be a perfect coordination between different financial institutions and tourism department. The tourism department should be entrusted with the task of scrutinizing and screening of the application for loans. The financial assistance should be granted on the recommendations of the department to the deserving applicants only. This will help in checking discrimination and undue favoritism.

CONCLUSION

Bundelkhand region is the part of both Uttar Pradesh and Madhya Pradesh with immense potential of tourism if judiciously promoted can boost the economy of both states. For that purpose both states have to think seriously and take tourist friendly actions for promoting tourism and should direct the financial institutions. A special incentives package should be made available to encouraging new tourism projects as well as expansion of existing tourism units. Infrastructural facilities should be strengthened and developed within the state, particularly in special tourism areas which will be notified latter and which will be set up to build meaningful co – ordination with the Central Government and the State Governments agencies, the local self – government bodies and the NGO's. Existing arrangements for grant of government wastelands to industrial units should be made applicable to various tourism projects. Arrangements should be made to acquire land under Land Acquisition Act for various tourism projects by companies registered under the Companies Act. In order to make business ventures viable, the government must urgently rationalize the tax structure. There exists a plethora of taxes and sometimes duplication of taxes at both central and state levels. There is a need to be adequate linkages between the center and the states on the tax on the tax front. In terms of support, government should provide facilities in terms off providing quick clearances (preferably single window clearances) to potential investors for various projects. As a whole with proper research and marketing of tourism can be developed in Bundelkhand which will be helpful for the local people and economy also.

In the end it is said that the future of the tourism industry in Bundelkhand region is very bright and the financial institutions like U.P.F.C, PICUP, Commercial banks, etc. have to played a vital role in promoting tourism in the region. Tourism in the region has given employment to lacs of people directly or indirectly by stimulating business activities. There is further scope for the development of new spots for amusement of the new visitors who are likely to arrive in the next 20 years in the region. Therefore, it can

be concluded that tourism industry is bound to prosper much in the near future in Bundelkhand region if adequate funds are provide for the development of new spots, tourism related services and infrastructure. For this following steps should be urgently taken.

- Easing of loan sanction criteria and reducing the time gap between date of application and disbursal of loan.
- Funding of tourism sector and related services should be brought under the category of priority sector lending.
- Professional advice and guidance should be provided to applicants while filling the application forms so that the rate of rejection is reduced.
- Norms for entry of private financier should be eased.
- Land Development Banks, Cooperative banks and RRBs should be also allowed to fund in this area.

Though Government is going in the right direction by making some important policy changes and by increasing the outlay, for all that to happen, the implementation has to be right. And, here the government's role is more important.

ANNEXURE – A-1

Questionnaire

Note:

1. The answer to the questionnaire below will be treated as strictly Confidential and shall not be disclosed to any person.
2. Please complete all the questions.

1.
 - (a) Name of the Officer :
 - (b) Official address :
 - (c) Location of the office :
and Telephone No.
 - (d) Year of establishment :
2. Number of persons attached to this office:
 - (a) Clerical staff :
 - (b) Supervisors :
 - (c) Managerial :
 - (d) Others :
3.
 - (a) Total salary paid to the staff yearly in :
1999-00 :
2000-01 :
2001-02 :

(b) Other current expenditures:
 - (c) Other capital expenditures
4.
 - (a) Do you provide any facility to the tourists? If yes, please state the Facilities provided by your department:-
 - 1)

- 2)
- 3)
- 4)
- 5)

6. Do you collect statistics of tourists visiting in Bundelkhand region ? If yes, please give the information in the following Performa:

Year	No. of Indian Tourist	Tourist nights	No. Of foreigne r tourists	Tourist nights
1993-94				
1994-95				
1995-96				
1996-97				
1997-98				
1998-99				
1999-00				
2000-01				
2001-02				
2002-03				

6.A Does your department maintain any tourist lodge/hotel/Travel Agency unit/ If yes, give the following information:

- (a) Year of establishment:
- (b) No. of rooms :
- (c) No. of beds :
- (d) Room chargesper day
.....per week
.....per month

B. Do the rate fluctuate round the year? (If yes, please specify clearly):

.....

.....

.....

7. Do you provide transportation facilities? If yes please state clearly under the following headings:

(a) Internal :

(b) External :

(c) Do you own any luxury coaches/taxis/ordinary buses?
.....

8. Do you provide any of the following facilities within hotels maintained by you or otherwise ?

(a) Car parking :

(b) Restaurant :

(c) Laundry :

(d) Games & Sports:

(e) Guides :

(f) Others :

9. Annual gross income earned:

	1998-99	1999-00	2000-01	2001-02
(a) From hotel beds.
(b) From Restaurant.
(c) From sports center.
(d) From others.

10. Total expenses:

11. Do your clients write back their reactions after availing of your facilities ?
Yes / No

(If yes, number of letters received in 1998-99
1999-00
2000-01
2001-02

Out of these letters how many did raise complaints ?

1998-99
1999-00
2000-01
2001-02

12. What are your current plans for improving existing facilities ?

1)

2)

3)

4)

13. Any Master Plan to develop the beauty spot places ?

1)

2)

3)

4)

5)

14. Out of the general main facilities provided by you:

(a) What are the facilities provided by private hoteliers as well:

(b) Specify facilities provided by hoteliers but not provided by you :
.....

15. Do you collect statistics of the hotels run by private sector? If yes, please give the following information:

(a) Year: 2001 to 2002

(b) No. of hotels :

(c) No. of new hotels added :

(d) No. of hotels remodeled or reconstructed during 1988 – 1998 (about 10 years)

1993-94

1994-95

1995-96

1996-97

1997-98

1998-99

1999-00

2000-01

2001-02

2002-03

16. Are the loan applications by private hoteliers recommended and forwarded by your department? If yes, please state the procedure:

.....
.....

17. Do you collect information about the loans, taken by hotels? Units under private sector? If yes, please give the following information:

(a) Year: 1998-99
1999-00
2000-01
2001-02

(b) No. Of units:

(c) Name of the institution from which loans have been taken:

.....
.....

(d) Amount sanctioned

(e) Amount disbursed.....

(f) Amount outstanding.....

19. Do you feel that the existing number of hotels is adequate? Yes/ No

20. Suggestions, if any:

1).....

2).....

3).....

4).....

5).....

6).....

7).....

8).....

9).....

10).....

ANNEXURE – A-2

Questionnaire

Note:

1. The answer to the questionnaire below will be treated as strictly Confidential and shall not be disclosed to any person.
2. Please answer all the questions.

- A. (I) Name of institution:.....
- ii) Govt. or Private.
- iii) Year of establishment.....
- iv) Is it a Govt. Corporation or a joint stock company?.....
- v) Main activities: 1).....
- 2).....
- 3)
- 4)
- vi) Year from which loans granted:
- vii)

B. No. of employees working in your institution :

- (a) Officers
- (b) Accountant / Supervisor / Finance Officers.....
- (c) attendants/Peons.....
- (d) Total

C) Annual expenditure

a) Salary and allowances during the last 10 years :

Year	(Rs. in lacs)
1993-94	-----
1994-95	-----
1995-96	-----
1996-97	-----
1997-98	-----
1998-99	-----

1999-00	-----
2000-01	-----
2001-02	-----
2002-03	-----

b) Other expenditure during the last 10 years.

Year	(Rs. in lacs)
1988-89	-----
1989-90	-----
1990-91	-----
1991-92	-----
1992-93	-----
1993-94	-----
1994-95	-----
1995-96	-----
1996-97	-----
1997-98	-----

3. a) Who is eligible for getting the loan from your institution
.....

b) Do you give loans to travel agency :

i) In General Yes/No (ii) As preference Yes/No

c) Do you give any preference to the educated unemployed in providing loan facilities for establishing hotel unit/motel unit/Tourism
.....

4. a) What criteria do you adopt for the selection of applications for providing the Loan facilities.

i) Site Plan.....
ii) Project feasibility report
iii) Previous experience certificate in the business.....
iv) Any others (Please specify).....

5. a) What type of loans do you grant ?.....

i) Loan for construction/extension, etc.....
ii) For furnishing / refurnishing

b) What are the maximum and minimum limits of the loans granted to an applicant by your institution in last ten years:

Year	(I) Maximum	(ii) Minimum
1993-94	-----	-----
1994-95	-----	-----
1995-96	-----	-----
1996-97	-----	-----
1997-98	-----	-----
1998-99	-----	-----
1999-00	-----	-----
2000-01	-----	-----
2001-02	-----	-----
2002-03	-----	-----

a) What is the average time taken at different stages in process of applications and granting loans ?

i) Time interval between receipt and acceptance of applications.....

ii) Time interval between acceptance of applications and disbursement of loan

30 days/60 days/ 90 days/ 120 days /150 days/ 180 days / more than 180 days

7(A) What are the terms and conditions on which loans are supplied by your institutions?

.....
(Please give details under the following heads)

(i) Period within which whole amount of loan has to be repaid.....

(ii) Number of installments in which the loan to be repaid.....

iii) The rate of interest charged per annum..... or the ranges of interest rates...

(a) Loans for Travel Agency (b) General Loans

for period : 5 years

5-10 years

10-15 years

iv) Amount of subsidy, if any ?

v) Concession, if any, for prompt repayment of loan by the applicant:

.....
vi) Penalty, if any, for the defaulter in making regular payment of the installments due.....

vii) Service charges, if any, payable by applicant.....

8(A) what are the main problems and difficulties faced by your institution in recovering loans?
.....

9) (i) The percentage of defaulters among the debtor applicants:

1993-94
1994-95
1995-96
1996-97
1997-98
1998-99
1999-00
2000-01
2001-02
2002-03

(ii) No. of bad debts written off:

1993-94
1994-95
1995-96
1996-97
1997-98
1998-99
1999-00
2000-01
2001-02
2002-03

iii) The amount of outstanding loan :.....

10. Do persons other than seekers approach or recommend you for special consideration of the case of a particular applicant:

Yes / No

If yes, give types of recommending persons :

(a)	Your superiors	Yes / No
(b)	Other Govt. officials	Yes / No
(c)	Political leaders	Yes / No

11. Do you ever face paucity or lack of funds for a case other wise deserving ?

.....

12. Do You think that you have to spread the name of your institutions to prospective loan seekers or do you think all know about it.

13. Do you face competition from other institutions ? Yes /No If yes,
Name some such institutions.

1. -----

2. -----

3. -----

4. -----

5. -----

13. Give suggestions, if any, for improving the system of grant of loans by institutions like yours.

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